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The Politics and Economics of Regional Growth

Daniel P. Moynihan

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What is Life Worth? — *Steven E. Rhoads / Max Singer*

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A Report on England: The Future That Never Was

Daniel Bell

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The politics and economics of regional growth

DANIEL P. MOYNIHAN

PERHAPS the first observation to make about last winter's White House Conference on Balanced Growth and Economic Development—the first such conference of its kind—is that although it was nominally concerned with the subject of regional growth, the fact of regional decline actually engaged its concern. We just don't call White House Conferences about matters that are coming along well.

To be sure, the Federal government has indeed pursued policies of regional growth from the earliest days of the Republic. Think of Gallatin's Report on Public Roads and Canals in 1808. Through all of the 19th century there was a central theme to all such activity, summed up in the notion of Westward Expansion.

In the 20th century, and especially with the coming of the New Deal, the national government also began to direct its concerns to the South as a region. The problem there was not the development of agriculture, which had largely been the theme of Westward Expansion. Rather, it was believed that agriculture was holding on too long in the South, while industrialization was not proceeding rapidly enough. As President, Franklin D. Roosevelt very much associated himself and his Administration with this belief. We are reminded by Frank Freidel, in his book *FDR and The South,* that Roosevelt was "a New Yorker who liked to think of himself as also

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a Georgian by adoption," because of his association with Warm Springs. In 1938, Roosevelt responded to the National Emergency Council's *Report on Economic Conditions of The South* and stated:

> It is my conviction that the South presents right now the nation's No. 1 economic problem—the nation's problem, not merely the South's. For we have an economic unbalance in the nation as a whole, due to this very condition of the South's. It is an unbalance that can and must be righted, for the sake of the South and of the Nation. . . .

Now the remarkable thing about national policies toward the West and the South is that both were remarkably successful—or, if you wish, were accompanied by remarkable success. The West developed, if not beyond anyone's imagining—in the era of Manifest Destiny, Americans had mighty imaginations!—then at least in line with expectations. And the South has truly risen again. It is too soon to declare the effort completed. The South is still relatively poor in many public services, and there is surely evidence that the people of the region have chosen to forego a considerable range of "public goods" in order to build a solid industrial base. But the latter has largely been accomplished.

The decline of the Northeast

In a recent paper, "The New Deal and The Decline of New York State," Bernard Gifford, of the Russell Sage Foundation, states:

> In the decade just before the 1929 Depression, per capita personal income in the industrial Mideast and Great Lakes region grew at a rate faster than the overall average for the nation. New York State's rate was even greater than the growth rate for the Mideast region. Georgia's growth rate was some 14 percent slower than the nation's.
>
> After the Depression, these relationships were reversed, and they remained so until this very day. . . . The Southeast is the *only* region whose per capita income growth rate has consistently outpaced the rest of the nation for the entire post-Depression period.

Today, per capita personal income in New York remains higher than that in Georgia—but only if the cost of living is not taken into account, as Gifford demonstrates. Using an index on which the United States average is 100, the Bureau of Labor Statistics gives the cost of living (the "intermediate family budget") in New York as 116 and in Atlanta as 91. Adjusted for this differential, the per capita income figure for New York is $4,612, and for Atlanta, $4,613. This is to say that effective income differentials have been eliminated. "Real" income in these two cities is the same.

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In this context, for the first time, the national government is turning its attention to the Northeast. Immediately after the Presidential campaign, Jody Powell declared: "In the 1930's we had a President from the Northeast who was particularly sympathetic to the problems of poverty in the rural South." "Mr. Powell added," the *Albany Times-Union* reported on November 11, 1976, "that the President-elect hopes to reciprocate some of the concern and aid that Roosevelt provided to the South." As Southern agriculture was in decline at that time, the Southern experience of the 1930's provides a nice transition to the questions presented by the situation in the North today. For the problem we directly face now is true economic decline, an actual diminution of economic activity.

It would appear there is something of a large cycle of economic change and political response involved here. Certainly, the changes that the Northeast seems to be undergoing are suggestive of the experience of Great Britain in an earlier period. In the simplest terms—and it may be these really are rather simple patterns—the age of coal and iron and steam began where the coal beds and iron ranges were to be found; then, after a century and some, the economy began to outgrow this connection, and those regions declined. Economists began to describe this process as "changes in the structure of the national economy." This issue first came to the fore in Britain in the 1920's, when exceptionally high levels of unemployment appeared in Scotland, the North of England, and Wales, the centers of coal mining, iron and steel, ship building, and textiles. As the economy dropped off, emigration to the South and East of Britain commenced as a trickle and became something of a flood. In 1934, "Special Areas" were designated by the national government in an attempt to reverse these changes, and the effort has continued ever since. The results have not, I believe, been impressive. There are few things more forlorn than the industrial parks dedicated by George VI in the late 1930's in the North Country. The planners seem to have thought that new industries would set up rather like shopkeepers, all in tiny spaces along neat village paths. In truth, a point to which I will return, the design of these centers *declared* that industry was past in that part of Britain. What governments design, as against what they say, is what they really mean —a point that always seems to escape the contemporaries who could presumably put the information to some use.

This pattern of regional decline and national response first appeared in the United States a generation or so later, and was concentrated in the great coal-mining regions of Appalachia, more spe-

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cifically of West Virginia. National response came in the aftermath of John F. Kennedy's dramatic primary victory in that state and his subsequent election as President in 1960. I imagine he thought of West Virginia as somehow being either Southern or Western or both, as the name suggests, but of course it is an Eastern state (it is so designated in our Senate caucus, for example). Wheeling, West Virginia, is 50 miles from Pittsburgh. The coal mined there was part of the basis for the industrialization of the Northeast. And in time, the structure of the economy began to change, and the region began to decline. The first natural gas pipeline reached the East from Texas in 1944, and thereafter the decline of Appalachia became precipitous. In 1911, there were 728,000 coal miners in the United States. By 1970, there were 144,000.

In the most important sense, of course, this change in the structure of the economy was a vast achievement, for it brought half a million men out of those holes in the ground. Coal mining was the curse of industrialization. But without anybody trying much to end it, it dropped off greatly as a proportion of the work force. But then the question arose as to what was to be done with the people and the regions, who may well have been delivered from one form of thralldom to a worse one, from having been hideously exploited to being just as cruelly discarded.

President Kennedy obtained passage of the Area Redevelopment Act, and various bureaucracies were established. On the curious insistence of the Bureau of the Budget, the major Federal investment in Appalachia that followed took the form of highway construction. In the 15 years since, we can say that conditions in Appalachia are greatly improved: Population is no longer declining, the number of people living below the poverty line has declined, and per capita income has risen rapidly. However, what we cannot say is that Federal programs had very much to do with any of these. James Sundquist and Hugh Mields Jr. note in their recent paper, "Regional Growth Policy in the United States":

> While the [Appalachia Regional] Commission feels that its activities have contributed to improving conditions in the area, it makes no claims to having been the decisive factor—the turnaround in the demand for coal is probably the most conspicuous contributing cause. . . .

In the meantime, concern about the Appalachian region has expanded to a general concern about the whole industrial region of the Northeast, with special attention to its cities. It was surely appropriate that the initiative for the White House Conference

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came from Senator Jennings Randolph of West Virginia, the chairman of the Committee on Environment and Public Works, which oversees the Appalachian program, now located and expanded as the Economic Development Administration of the Department of Commerce.

Complex issues

One fundamental imperative faces us. We must not politicize the question of relative regional growth, or, for that matter, regional decline.

It would be easy to do this, and calamitous. In truth, if we are not careful, the White House Conference could mark the formal beginnings of such a process, commencing, in Meg Greenfield's wonderful image, to "colonize" the "problem," with the result of allowing a big, politicized bureaucracy to emerge, whose expansion depends on the problem becoming ever more political. The mind-numbing agenda prepared by the small and temporary staff of the White House Conference suggests that there are eager hands for the work.

Why should we fear politicization and try to avoid it? First, it would be contrary to the spirit of the Constitution for the Federal government to intervene in our economy to try to prevent the natural movements of capital and people from one state or region to another, if a free choice is made by those concerned. Such a restraint, surely, is imposed by the Constitution on state governments by the interstate commerce clause. Certainly, the Federal government should not act in a manner forbidden to the states. The founders of this nation understood that our political freedoms and national stability very much depended on our becoming a single economy with the freest possible movement of capital and labor across state and regional borders. The Supreme Court more than once has had occasion to reaffirm that commitment. Now is scarcely the time to go back on it.

To do so would also be contrary to the interests of the American people. We like to tell one another, and we are right to do so, that this nation of immigrants is made up of persons whose ancestors or, in many cases, who themselves came to the United States to improve their lot, and did so. For just those very reasons today, some people leave Georgia and go to New York, and some people leave New York and go to Georgia. And everyone dreams of going to Hawaii. This is our right as citizens, and it should not be impaired

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by efforts of the Federal government to keep us where we will be less well off.

But this will certainly be the result, as Professor Sidney Sufrin suggests, if the Federal government begins to make a great series of uneconomic investments in places that cannot any longer attract investment on their own. Governments faced with economic decline typically resort to a good deal of what can only be called sympathetic magic. It tries to induce natural change by imitating it. Not to put too fine a point on it, the Yule Log is designed to get the sun going again. So was housing policy when it started, based as it was on what Robert Fishman has called "the narrow simplicities of the 'doctrine of salvation by bricks alone'—the idea that physical facilities could *by themselves* solve social problems." So were those industrial parks King George was always opening. So will be half the job development programs of a new national urban policy, supposing we ever get one. Some of this sympathetic magic does no harm. But to the degree that resources are put to a less than optimal use, there will be a less than maximum return, and almost everyone will be a little worse off. Sometimes it is necessary to think like an economist.

This suggests a third consideration. Try as it will, there is not much government can do to prevent economic change of this order. Perhaps this should be rephrased: There is not much government *will* do. For it is all very well to promise to help one region. But when this gets to the point, or is seen to be approaching the point, where helping to prevent the losses of one region is perceived as depriving another region of its expected gains, the politics gets difficult, even if the rhetoric becomes more earnest.

For one thing, the problem is simply too complex. I hazard that there was not a single speaker or participant at the Conference who read one-half the material the staff prepared for us, and we never will. We just know government doesn't work at that level of complexity.

A tradition of liberalism

If one wants an example, there is a rather painful one on display in Washington. Almost a year ago, the President appointed an Urban and Regional Policy Group ("URPG," if you can imagine) to produce a national urban and regional policy for him. Months passed and nothing happened. Then we learned that a great consummation was approaching. At length a huge, leaked document

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began circulating. But the once promising signs were reversed. I called a friend in the Treasury Department to ask if I could see a copy. He refused, on the honorable grounds that the tract was hopeless, and he did not wish to embarrass the Administration by having an outsider read it. The Administration was embarrassed anyway, for it was next learned that the document had been proposed to the President without success. Then came various reprises. But the result of a year's work was that there was no agreement on urban or regional policy that could be included in the State of the Union message or the President's budget. In December we were told to expect something in March. But in the printed message that accompanied the State of the Union we were told merely to expect something "in the Spring."

Surely the President would not be happy with a Defense and Foreign Policy Group that at the end of his first year in office was still promising to come up with a program on the Middle East or nuclear proliferation "sometime next Spring." But it does not seem that much cynicism is called for. The plain fact is that the matters are so complex and the interests so much in conflict that the Federal policy system just can't respond with anything very ambitious.

Consider again the Appalachian program, which was not especially controversial at the time. Unlike President Roosevelt's program to develop the South, which was working *with* the economic forces of the time, President Kennedy's program worked against them. (Or it did until the price of oil quintupled.) The program did succeed in stopping the decline in the population of West Virginia, for example, which this year is as large as it was in 1960, after dipping somewhat. But it will be some years, if ever, before the state returns to its population of 1950.

And this is the large point to be made about the danger of politicization, and the steps by which it could come about. There is just so much government can do. If it promises more than it delivers, there will be those who genuinely and understandably come to feel that a promise was broken, or that it was insincere from the outset. This is never good for a democracy.

Having said that, permit me to say what will seem its opposite, although I hope to show it is not. Government should not promise to do what it can't do. But government must do what it can. If it does nothing, if an otherwise prospering nation should suddenly appear to be indifferent to the declining regions of the Northeast, a huge loss would follow. Not only would we lose the benefits that an intelligent government policy might bring about, we could well

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lose the political tradition that has sanctioned such efforts in the past.

I refer particularly to the political tradition of the Northeastern states, a tradition that goes far back into our history, but is associated in our time with the activist national liberalism of the New Deal. I am unabashedly a product of that tradition. It incorporates an ethic of collective provision, to cite George Will, that has triumphed politically and, just as strikingly, has triumphed in the goals it set for itself. We are a vastly stronger, more united, and happier nation thanks to Franklin D. Roosevelt and the ideas he stood for. Those ideas, in *his* time, involved a very considerable transfer of resources from his region of the country—my region—to the South and West. It was all very well for him to think of himself as an adopted Georgian, which he did after polio sent him to Warm Springs. But he was in truth a New Yorker of the Hudson Valley. And the vast outpouring of programs and aid for the South were for him the expression of a national purpose, which knew little of regional power, but concentrated greatly on regional need. And, of course, as Bernard Gifford has showed us, it worked!

The question I would put is this: What will become of this tradition of national liberalism if the region from which it emerged should look up two generations later and find that, while other regions were willing enough to accept a transfer of resources when they were in need, no such reciprocal impulses will appear now that the Northeast is in need? What if it turns out that the New Deal was a one-way street? That resources flowed South in accordance with the physics of the Mercator Projection, but never North? What if, on closer examination, we find that the social security system and the tobacco price supports made their way to North Carolina, but not the Wagner Act? What if it comes to be believed that the policies of the New Deal brought about the downfall of the region that nurtured them and gave them to the nation?

I will tell you what will happen. There will be a response of bitterness and reaction that will approach in duration if not in intensity the response of the South to its defeat in what we now call the War Between the States. It would be one thing to lose, as it were, the Northeast. It would be a very different and vastly greater blow to lose the tradition of national liberalism that the Northeast did so much to give the nation. It is not a point easily understood, and it will be fiercely resisted. Yet *that* is what is at issue.

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What is government doing?

What, then, is to be done? Two things, both of them large, but both quite within our political and organizational capacity. First, the Federal government should stop exacerbating the economic problems of the Northeast, which it is now doing. This will take some time. But the second thing the Federal government can do it must do now: prevent the bankruptcy of New York City. These two actions are not unrelated; indeed there could be no clearer indication of the earnest intention of the Federal government to attend to the economic decline of the Northeast than a firm commitment to prevent the bankruptcy of the nation's largest city.

My first proposition, then, is that government should not make things worse. Government should not artificially induce the decline of the Northeast in favor of other regions. This is the reciprocal, if you will, of the principle that government should not promise too much to make things better.

I put the proposition that the Federal government has for some time been making political decisions to induce development in the South and West, without clear economic justification and occasionally with economic costs. The most conspicuous example is that of the heavy concentration of defense facilities in the South. (I have elsewhere had occasion to remark that our armed forces are clearly preparing to fight the next war in Nicaragua, or at least some place where it never freezes.)

This is a pattern of Congressional influence dating back to a time of severe deprivation in much of the South, and of relative ease in the North. No one should in the least blame the South for using its opportunities, especially as no one protested much at the time. But that pattern of Congressional politics and Presidential acquiescence should now be put behind us. It would be helpful if President Carter would so state.

Just as importantly, the Federal government *seems* to have contributed a good deal to economic imbalance without especially intending it, but without resisting it, either. This is reminiscent of Frank Lloyd Wright's remark that everything in the country seems to have come unstuck and to be sliding to California. A careful statement of this proposition has come from George Peterson, of the Urban Institute, in a recent paper written with Thomas Muller, "The Regional Impact of Federal Tax and Spending Policies":

> . . . Federal spending for purchases of goods and services is more strongly skewed toward the rapidly growing regions of the country

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> than are total Federal outlays. On a per capita basis, the Pacific states receive more than twice as much Federal revenue as the Great Lakes states and 80 percent more than the Mid-Atlantic states.
>
> Although a detailed examination of Federal spending would be necessary to establish the point conclusively, [data] strongly suggest that Federal employment, goods and service acquisition, and direct capital investment have been shaped by the same cost and profitability considerations that have influenced private sector demand for regional output.

Obviously we could run the risk of significantly sanctioning uneconomic practices. Sufrin's principle should apply to purchases as well as investment. But it may be that the great imbalance of Federal expenditures at the present is *not* dictated by the market. The Federal government has the responsibility to find out.

I would thus especially propose that the Federal government now give some concentrated attention to finding out just what it *is* doing. There is a rule of sorts that we never do anything much about a problem until we learn to measure it. In this case, however, there are clear indications that government doesn't *want* to know very much about this problem. May I suggest that this constitutes an implicit recognition of how easy it would be for the problem to become politicized, and how much a calamity that could be? But at the moment, the more government conceals facts that could be known, the more lurid will be the conjecture about what is being concealed.

There may even have been some unintended deception. When I first came to the Senate, I learned from a series of Federal publications (known as the Federal Outlay series) that the Federal government expended $40.6 billion in New York State in fiscal year 1976. On examining the tables, however, I found New York was being credited with $14 billion in foreign aid payments and interest on the public debt. (The explanation was that these funds are deposited first in New York banks, or in the Federal Reserve Branch in New York.) I took this matter up with President Carter, who most courteously and deliberately undertook to reconsider the matter. It took six months, and it should have taken six months. On January 11, 1978, the Executive branch agreed that it was not appropriate to credit these sums to New York. But this left the state with Federal outlays of $26.3 billion for fiscal year 1976—as against personal and corporate income tax payments, and social security tax payments, of $33.7 billion. Is it not probable that the Federal government has been deflating the economy of New York State, a

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process that only became acute when Federal spending began to rise in the late 1960's? This may be why of all the states, only New York has not come back to its levels of employment prior to the recession of 1969 (much less those of the recession of 1973). Or so I *believe*—without any real competence in the economics of the matter, much less the kind of input-output data that would really be required to trace these cash flows. But I believe it anyway, and I would suggest that it is now up to others to disprove the case!

Here I must insert a word of caution. We are not likely ever to learn anything definitive about this subject—or at least I shall be surprised if we do. Social science, including economic science, just isn't coming up with such determinate findings these days. One of the reasons, surely, that the President's Urban and Regional Policy Group, a group of splendidly able and experienced persons, can't come up with anything persuasive to the President is that after 10 or 15 years, and half a billion or three quarters of a billion dollars of Federal money spent in research on urban problems, we haven't really learned anything that tells us "what to do." We *have* learned a good deal about what *not* to do: In particular, we are able to show that a great many problems of cities in America today arise from decisions made by the Federal government—the interstate highway program and the VA and FHA mortgage programs are examples. As James Coleman has pointed out in "Can We Revitalize Our Cities?" (*Challenge*, November-December 1977), these are "policies that destroy cities," for they lead persons to move away from cities.

The importance of New York City

In these circumstances I make bold to suggest my second proposition, that there is one concrete *and manageable* goal of urban and regional policy that the Federal government should set for itself, and, if I am not mistaken, should accomplish—must accomplish. This is to prevent the bankruptcy of the City of New York, an event that is somewhere between possible and probable in the next six to 30 months.

Why? For two reasons. First, it is something government *can* do. I make much of this. I admit to being one of those who began to write of "the limits of social policy" in the middle 1960's. This was not because of any antagonism to the goals of social policy of that period (although some chose to think it was). My concern, and that of most of those who wrote in the same vein, was to prevent

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the great disillusionment with government that would predictably follow from proclaiming goals that would not be met. The economist Alfred Marshall laid down the guidelines for finding a satisfactory balance:

> Government is the most precious of human possessions; and no care can be too great to be spent on enabling it to do its work in the best way: A chief condition to that end is that it should not be set to work for which it is not specially qualified, under the conditions of time and place.

I happened to be a graduate student at the London School of Economics when Michael Oakeshott succeeded to the chair of Harold Laski in 1950, and I was struck by a line from Oakeshott's inaugural lecture. "To try to do something which is inherently impossible," he said, "is always a corrupting enterprise." Almost two decades later, in 1969, I found myself in a commencement address at Notre Dame speaking to the same point:

> The matter comes to this. The stability of a democracy depends very much on the people making a careful distinction between what government can do and what it cannot do. To demand what can be done is altogether in order: Some may wish such things accomplished, some may not, and the majority may decide. But to seek that which cannot be provided, especially to do so with the passionate but misinformed conviction that it *can* be, is to create the conditions of frustation and ruin.
>
> What is it that government cannot provide? It cannot provide values to persons who have none, or who have lost those they had. It cannot provide a meaning to life. It cannot provide inner peace. It can provide outlets for moral energies, but it cannot create those energies. In particular, government cannot cope with the crisis in values that is sweeping the Western world. It cannot respond to the fact that so many of our young people do not believe what those before them have believed, do not accept the authority of institutions and customs whose authority has heretofore been accepted, do not embrace or even very much like the culture that they inherit.

Now this is not so very different from the passage in President Carter's State of the Union Message:

> We need patience and good will, and we need to realize that there is a limit to the role and function of Government. Government cannot solve all our problems, set all our goals, or define our vision. Government cannot eliminate poverty, provide a bountiful economy, reduce inflation, save our cities, cure illiteracy, provide energy, or mandate goodness. Only a true partnership between government and the people can hope to reach these goals.

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And yet this statement goes further than I would: It is not as far in the direction I feared some President would have gone by this time, but it is *in* that direction. For the government *can* eliminate poverty—i.e., poverty defined as income below a certain level. A good welfare reform bill would do that. This is precisely the kind of thing government can succeed in doing. (And this government —all governments at this time—needs a success.) It *cannot* "mandate goodness." But it *can* "save our cities"—if not from sin, then surely from bankruptcy. And this is the point: If New York City goes bankrupt, it will be in large measure because the Federal government allowed it to.

My second reason for stating that the primary goal of urban and regional policy in the period ahead must be to avoid the bankruptcy of New York City is that otherwise *nothing would more certainly ensure that the issue of regional imbalance does become politicized.* The bankruptcy of New York City would be to the Northeast what Sherman's march was to the South. It would also be a seismic event in the world at large (a point West German Chancellor Helmut Schmidt reportedly made to President Ford at the Rambouillet Conference in November 1975). When the French historian Fernand Braudel was seeking to describe the role of Venice in the Mediterranean world of the Renaissance, he wrote: "Venice dominated the 'Interior Sea' as New York dominates the Western world today." Recently, I wrote to President Carter:

> New York is the capital city of the Western world. That is why the United Nations is there. That is why it is the center of the financial system of the Western world. That is why, as Mayor Koch noted in his inaugural address, more books are published in New York than in any city in the world. That is why more languages are spoken in New York than any city in the world, why there are more newspapers published there in what by a curious custom we call "foreign" languages than in any city of the world.
>
> More, New York has also served from the beginning of the Republic *in the role* of a capital city for the nation. It has seemed to me that of all the separations of power provided for in the American Constitution, perhaps the most important of all is the one that is in a sense extra-constitutional, although commenced and continued in a truly constitutional spirit. When Hamilton and Jefferson struck the agreement over madeira in a tavern on Broad Street they had more in mind than dividing the spoils of office. They agreed that the political capital should move from New York to what would become Washington, a city that then did not exist. They also agreed all the other purposes of the first city of the nation would be served by New York, as they then were. Hence the dreaded merger of political power

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> with financial power, of the culture with the government would be avoided in the American Republic. And so they have been, through most of two long centuries. But now that division is threatened. Already, as the Senators note, the Federal government is involved in the very interstices of life in the city. It has fallen to us—all of us—to reverse this process and to restore that separation of power which has meant so much.

I am sorry to have to say this, but there is no alternative: If New York City should go bankrupt, none of the other things we talked about at the White House Conference will matter. It will be the only thing the 39th President is remembered for, the only thing the 95th or 96th Congress is remembered for.

Worse, it will be, and will be perceived to be, a failure of democratic government of an altogether ominous degree. It would be an event of constitutional consequence. Already, the people of New York, after three-and-one-half centuries of self-government (interrupted only briefly by Lord Howe), have had to turn over their governance, on the issues that matter, to an Emergency Financial Control Board, made up, for the most part, of businessmen and state officials, and empowered to reject its budgets and financial plans, its proposed borrowings, and all its major contracts. Under Article VI, Section 4, of the Constitution, the United States guarantees to every State in the Union "a Republican Form of Government." No such guarantee extends to cities. But surely this is the spirit of the Constitution, with which we tamper at our peril. Can we imagine Jefferson or Hamilton or Franklin or Jay content with a situation in which a city with twice the population of the original 13 states is governed by a "control board"?

The origins of the crisis

I am stating with some candor what seems to me will be the consequences for American society if New York City should go bankrupt. I owe to any who may be interested an equal candor regarding the origins of the present crisis in New York City.

New York City has a debt of about $14 billion, which it cannot repay on the terms that now exist. The city is vibrant enough in most respects. If it did not have this huge debt—debt service alone comes to $2.3 billion a year—it would get along well enough. The debt itself, in absolute terms, isn't that huge. (Shall we call it seven-tenths of 1 percent of our two-trillion-dollar GNP?) The budget shortfall isn't that great, about $1 billion. But the situ-

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ation is what was described by Mr. Micawber: Annual income 20 pounds, expenditure 19 pounds 19 shillings sixpence, result happiness; annual income 20 pounds, annual expenditure 20 pounds sixpence, result misery.

Now how did this come about? Obviously, there are many details, but if I am not mistaken only two essentials.

First, New York City has had a powerful political culture of its own, which has disposed it to high levels of public provision and to maintaining its independence from state government. In the course of the coming crisis, one will hear a good deal about the responsibility of the state to do its share for the city—to pick up welfare costs, for example, which all but a very few states did years ago. But the fault is not really that of the state. For the most part, it was the city that refused to allow this transfer of functions. Much of this was based on self-interest disguised as eleemosynary concern. There is a welfare class in New York City, but more conspicuously there is a class of welfare administrators. Had the state taken over, what would have happened to the New York City Commissioner, and the Deputy Commissioners? And the Deputy Deputy Commissioners? And the Union? And the Union Pension Fund?

But there is a kind of disinterestedness in all this, too. For example, when Governor Nelson A. Rockefeller was elected in 1958, he set out to build a true State University, which until then had existed mostly on paper. This was obviously the moment for the city government to turn over to the state system its four city colleges, including my alma mater, City College of New York, the first free urban college in the world. The state system desperately needed these wonderfully established—and in the case of City College, near-ancient—institutions. The City of New York could no longer afford to run them. But what did the city do instead? It formed a university of its own, the City University of New York, and added a graduate center to it: CUNY to compete with SUNY. Within a half-dozen years, of course, CUNY was near to bankruptcy, the treasured free tuition was abandoned shortly thereafter, and much of the splendor of the original four colleges seems to have vanished. But that is the price of hubris. Or is it part of the corruption that Oakeshott spoke of? I tend to think the latter, but no matter.

The second and obviously related point is that at the outset of the 1960's the traditional party structure of the city was broken, and a succession of middle-class coalitions took office. Immediately thereafter, capital funds began to be used for current expenses, and the present crisis began to build. New York celebrated its new govern-

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ing style, and quite deprecated the older ones, with their more traditional, more down-to-earth fear of debt. It was very much the fashion of the 1960's in New York to deplore the then Mayor of Chicago, the nation's second largest city. But by 1974, per capita debt in New York was $1,767, while in Chicago it was $427. Most any working man can pay off $427. Few can swing $1,767. And that is really all there is to say on the subject.

A counter-intuitive sequence

Except for one final observation, absolutely central to understanding the present situation, which the Federal government perforce must face up to. Here again a measure of candor is required.

In 1975, when the City almost went bankrupt, and did indeed default on some of its debt, a series of emergency measures were taken to prevent complete bankruptcy. The accumulated debt of the city was refinanced, but nothing was done about the ongoing deficit in the city's budget, which amounts to at least $1 billion a year. It continues, and if anything, it will grow. A seasonal loan agreement was reached with the Federal government that made it possible to manage these deficits for a three-year period. But nothing was done about the deficits themselves. Why? Why for a period of three years?

The answer is that those who put the emergency arrangements together assumed that in three years' time—in 1978—there would be a Democratic administration in office, which would take care of the problem with a massive infusion of Federal funds. But why was this assumption made? Here we enter an area of analysis that is tentative at best, but must be attempted. I wish to suggest that an explanation must be sought beyond the superficial fact that the persons involved were Democrats. Something much larger was involved.

In the last generation there have been two distinct periods in which the expenditures of the Federal government grew by huge amounts. Samuel P. Huntington has called them "the defense shift" and "the welfare shift." It is curious that both commenced under Democratic administrations but continued to grow under Republican administrations. The defense budget began to grow during President Truman's last years in office, but was truly enlarged and consolidated under President Eisenhower. Similarly, the budget for social spending began to grow during President Johnson's last years, but was truly enlarged and consolidated under President Nixon.

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Composition of Budget Outlays[1]

	Billions of Dollars in Current Prices		Outlays as a Percentage of GNP	
	1967	1977 (Est.)	1967	1977 (Est.)
National defense	69.1	100.1	8.9%	5.5%
Benefit payments for individuals	40.1	183.7	5.2	10.1
Grants to state and local government[2]	10.2	46.9	1.3	2.6

[1] Source: The Budget of the United States Government, Fiscal Year 1978, and the Congressional Budget Office.
[2] Excludes payments for individuals that are channeled through state and local government, e.g., public assistance, food stamps, and medicaid.

Now, to use a term from the academy, this series of events was "counter-intuitive." Since the time of the New Deal—although this would not have been true in the 19th century—Democrats have been supposed to increase budgets, and Republicans to reduce them. Moreover, and here I truly enter the realm of the speculative, each party has rather approved of its reputation in this regard. So the huge increase in social spending during the early 1970's was kept something of a political secret. As a result, those who might have been expected to be pleased by it, and by such exceptional innovations as revenue sharing with state and local governments and a guaranteed income for the aged, the blind, and the disabled, either were unaware that these programs were in place, or believed that they definitely had not been enacted. Some even claimed that a great social counterrevolution was taking place. The press, possibly in an effort to be neutral, gave about equal attention to both sides of the "argument," although in fact one side had no argument at all. (See the table above.) Whatever the case, it was possible for responsible men in 1975 to think that with a change of administrations there would be a great release of funds.

Well, this just isn't happening. I don't know whether political economy has any special insight in these matters, but there does seem to be a point where enough is enough, and political systems respond accordingly. Thus in his Economic Message for 1978, President Carter observed that in Fiscal 1976, Federal outlays amounted to 22.5 percent of the gross national product. He proposed to *reduce* this proportion:

> In formulating my recommendations for the 1979 budget, I have exercised very strict controls over spending. Adjusted for inflation, the increase in outlays has been held to less than 2 percent and the share of Federal expenditures in GNP will fall to 22.0 percent. I intend to

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> continue prudent expenditure controls in the future. With good management we can, I believe, achieve our nation's important social goals and still reduce over time the share of gross national product committed to Federal expenditures to about 21 percent.

What does this mean? It means that the specific measures required to prevent New York City from going bankrupt will *not* flow from the general measures that the new administration will enact to overcome the "crisis of the cities," the decline of employment in the Northeast, or whatever. Representative Robert Giaimo and Senator Edmund Muskie, chairmen respectively of the House and Senate Budget Committees, have told the United States Conference of Mayors not to expect that any additional funds will be available for whatever urban policy plan President Carter announces in March. What this means is that specific measures will have to be taken to deal with New York—measures *sui generis,* as New York is *sui generis.*

Here I do not mean to prescribe, save for one general point. In approaching the problem of New York City, the Federal government should, as much as possible, work through New York State. This is the constitutional route. This is the way to ensure that the Federal government, in its sovereignty, deals with the only other sovereignty of which it has any cognizance. In 1975, it was the powers of the State, and the efforts of the governor and the state legislature, that saved the situation. In retrospect, it must be regretted that the Seasonal Financing Act that the Federal government enacted later was not contracted with the state government. New York City, whatever its glory as a culture, is not the equal of the Federal government and has no business plea bargaining for its life with the Federal government. This is not merely within the competence of the state government, it is the duty of the state government. Finally, the state government, with its huge (and solvent) pension funds, would indeed be in a position to refinance the city's debt. The State can't do that by itself. But the other sovereignty, the Federal government, can, by guaranteeing the investment. With such a guarantee, and a more or less simple diversion of program monies, the City of New York could readily enough be refinanced, and made whole again. Without it, however, we must expect catastrophe. And quite soon.

* * *

Having said that, I should like to revert to my earlier theme. The great object of the Federal government must be to prevent the is-

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sue of regional imbalance from becoming politicized. In 1964, it fell to me to produce parts of the first draft of the Democratic national platform. As with most first drafts, little if anything survived to the final version. But it is a matter of some importance to me, and possibly of some significance to that White House Conference, that from the lowest White House aid up to Lyndon B. Johnson himself, no one took out my opening paragraph, which stated simply: "We are one nation, one people."

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Age, crime, and punishment

BARBARA BOLAND & JAMES Q. WILSON

It is well known that young males commit a disproportionately large share of many serious crimes. Some persons think the solution to this problem is for juvenile courts to "get tough"; others think that if the penalties given to adult offenders by the courts were made sufficiently swift, certain, or severe, juvenile offenders would be dissuaded from becoming adult criminals. Still others doubt that anything the courts can do will affect juvenile crime. Until recently, however, it was almost impossible to say anything about the relationship between what courts of any kind do and a given individual's criminal career, in large part because the juvenile and adult courts are separate institutions with separate (or non-existent) records. In the real world, people grow older one year at a time, but as far as the criminal justice system is concerned, each person has two entirely separate lives—one as a juvenile (from birth to age 17 or 18), another as an adult (over age 17 or 18). And until recently, almost all analyses of the likely effect of sentencing policies on crime were confined to adult criminals, as if juvenile offenders did not exist.

Recent studies have shed new light on the criminal career and suggest that the problem of juvenile crime is even more serious than supposed, that adult and juvenile courts are often working at cross-purposes, that changes in how we handle adult offenders

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may have less effect on crime than once believed, and that a rational policy toward crime (if one is possible) may have to be based on institutional procedures that permit prosecutors and courts to make decisions based on the entire criminal career and not simply on the juvenile or adult component of it.

Juvenile crime

The general pattern is quite familiar. Persons under the age of 18 constitute about one fifth of the total population, but they account for one quarter of all persons arrested and nearly one half of all those arrested for one of the seven "index" crimes. Many of these index crimes, though serious, are nonviolent—burglary, auto theft, and larceny. Unfortunately, however, the rate at which juveniles are arrested for violent crimes—homicide, rape, robbery, and assault—has been growing faster than the rate at which they are arrested for nonviolent crimes, and faster even than the rate at which adults are arrested for violent crimes. Assuming, as seems likely, that changes in arrest rates bear a reasonably close relationship to changes in actual crime rates, we can conclude that juvenile violence has been increasing faster than crime generally.

This increase cannot wholly, or even primarily, be explained by the increased numbers of young persons in the population. Paul A. Strasburg, of the Vera Institute of Justice, has calculated that the rate at which youths aged seven to 17 were arrested for violent crime nearly tripled between 1960 and 1975; for property crime, it nearly doubled in the same period. Stated another way, the average juvenile between the ages of seven and 17 was almost three times as likely to be arrested for (and presumably to commit) a violent crime in 1975 as he was in 1960. The biggest increases were in robbery and assault; the increases in juvenile homicides and rapes were substantially less.

Some scholars challenge the validity of arrest rates as a measure of who is committing crimes. They suggest that arrest figures may exaggerate the increase in juvenile crime, perhaps because the police today are arresting juveniles for conduct they once would have ignored. But consider a crime such as homicide, which the police would never ignore and for which the guilty party is arrested in the great majority of cases. Richard Block and Franklin E. Zimring found that in Chicago the rate at which young (aged 15 to 24) black males committed homicides nearly tripled from 1965 to 1970, from 108 crimes per 100,000 population to 298 per 100,000.

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The homicide rate for adult blacks (aged 25 and over) and for whites scarcely changed at all. Perhaps most disturbing, the number of homicides committed by young males where the motive was robbery (rather than a personal quarrel) increased the fastest—from 11 per 100,000 population during 1965 to 90 per 100,000 in 1970. In addition, killings by youth gangs increased far faster than those by lone assailants.

Far from overstating the amount of juvenile crime, arrest data actually *under*state it by a considerable margin. Several scholars have interviewed samples of teenagers to find out how many crimes they committed for which they were not arrested. There are difficulties with these "self-report" studies, as there are with arrest data, but the general pattern is quite clear: Young persons break a lot of laws.

Martin Gold's 1972 study of a national sample of young persons suggests that for juveniles aged 13 through 16, the rate at which crimes are committed is vastly higher than one would suspect from using official FBI data. This group claimed to have committed 12 times as many robberies, three times as many burglaries, and 60 times as many assaults as one would have concluded knowing only how often youths in this age bracket are arrested. We can probably assume, of course, that many of these self-reported offenses were minor: An "assault," for example, could be nothing more than a schoolyard fight. But even if the self-reports are discounted substantially, the admitted rate of robbery and other serious crimes remains impressive.

More important is the fact that the chances of being arrested for a crime are *lower* for a juvenile than for an adult, and especially low for chronic juvenile offenders, who account for a large portion of all serious crime. James J. Collins Jr. and Marvin Wolfgang, of the University of Pennsylvania, followed a group of boys in Philadelphia from birth in 1945 until age 30, tabulated the number of arrests, if any, and asked them periodically about the number of crimes they had committed. Overall, the young men admitted to having committed offenses twice as often as they were arrested. But the chronic offenders—those who committed five or more crimes—committed offenses *four* times as often as they were arrested. These "chronics" were 15 per cent of the boys born in 1945. By the time they were 30, they had committed nearly three fourths of all the crimes of the cohort. Equally important, the chronic offenders had the highest self-reported offense rate during their younger years: Between the ages of 14 and 17, they were commit-

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ting more than four index crimes per year; by the time they turned 22, they were committing only three per year.

The same pattern was found by Joan Petersilia and her colleagues at RAND. She interviewed at length 49 serious adult criminals in California, all then serving prison terms for armed robbery and all having served at least one prior prison term. These 49 men reported having committed over 10,500 major crimes in their careers, or about 20 crimes a year while on the street. But the rate at which they broke the law declined with age: As juveniles, they committed more than three serious crimes *per month* of freedom; as adults, they committed only one serious crime every other month while free. (We do not know precisely why the Philadelphia data differ from the California findings concerning the absolute volume of crime committed by chronic offenders, though some difference is to be expected from the different groups studied: The California prisoners were among the most serious criminals in the state, while the Philadelphia group included, even among the chronics, offenders with relatively short records.)

Although the rate at which men commit crimes decreases with age, the chances of being caught and punished *increases* with age. In Philadelphia, a juvenile between the ages of 14 and 17 had only three chances in 100 of being convicted for a serious crime he committed during that period. An adult (aged 21 and over), on the other hand, had five chances in 100 of being convicted. Most of this difference is apparently the result of the fact that for any given crime, juveniles are less likely to be arrested than adults. In California, the odds of being arrested for a felony (other than selling drugs) rose from three chances in 100 for juveniles to 20 chances in 100 for adults. A juvenile is twice as likely to get away with a robbery as an adult, and two-and-a-half times as likely to get away with a burglary. But the differences do not end with arrest. Once arrested, a juvenile is less likely to be incarcerated than an adult for any given offense. And as offenders get older, their sentences get longer—the average length of the first prison term was 2.4 years, of the fifth term, 5.7 years.

In sum, the best evidence now available suggests rather strongly that juveniles, especially chronic juvenile offenders, commit a far larger proportion of serious crimes than arrest reports had previously led us to believe, that the rate at which they commit these crimes declines as they get older, but that the chances of being arrested, convicted, and incarcerated are higher not when they are young, active offenders, but when they are older and less active.

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How age affects criminal justice

That young males commit more crimes than older males is a well-established criminological fact, and there are any number of theories—most quite plausible, and few mutually exclusive—as to why this should be so. Youth is a period when energy is abundant, adult authority is suspect, and peer-group reputation important. Young people develop passions and seek independence, expressing both in music, dress, sex, and occasionally crime.

Why youthful criminals are less likely to be arrested than adult offenders is less clear. To some degree, it is because many youthful crimes are so petty that they are beneath the notice or concern of the police—though this cannot explain the low arrest rates among serious, chronic juvenile offenders. Part of the explanation may be found in how juveniles commit crimes: They are less likely than adults to plan their offenses, to work with regular confederates, or to have a settled *modus operandi,* and the police are thus less able to stake out the scene of a planned crime and less likely to get a tip from an accomplice-informer. But legal constraints on the police also reduce their chances for making an arrest of a juvenile. In most jurisdictions, the police cannot fingerprint or photograph a juvenile or place him in a line-up for witness or victim identification; thus a valid arrest is often made impossible.

Juveniles may also have an advantage over some adult criminals in intimidating victims and witnesses. Most juveniles live in the neighborhoods where they commit crimes, whereas older burglars and bank robbers often travel several miles to find a suitable target. The dollar value of juvenile crime may be limited, since the neighborhoods in which they live and steal are often poor, but the chance of being arrested is also reduced, since those able to identify offenders may, rightly or wrongly, fear reprisals.

Prosecutors and judges may be less likely to punish juvenile offenders for a variety of reasons. Some believe that young persons, even those found to have committed serious crimes, deserve special consideration or are still amenable to rehabilitation. Others may wish to avoid further criminalizing the young and sending them to custodial institutions (though whether such criminalization occurs is not easily proved from available data). But we think that an equally important reason may be that those deciding what to do about a juvenile have quite incomplete information about their prior records. This is partly because so many of their offenses will be unknown to the police. Without fingerprints and mug shots, the police often cannot link an arrested juvenile to other previously

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unsolved crimes, and sometimes cannot get arrest data on a juvenile from other jurisdictions, or even from other precincts within their own jurisdiction.

Establishing a prior record is vital for the prosecutor and court. Though we hear much about using penalties to deter crime or incapacitate criminals, in fact the penalties actually reflect, more than anything, a retributive, social-debt theory of justice. By retributive, we mean that the penalty is based on, and roughly proportional to, the gravity of the offense. By social debt we mean that, after taking into account the gravity of the offense, the penalty is increased roughly in proportion to the criminal's prior record. If prior arrest information is missing or seriously incomplete (as it often will be for juveniles in big cities), even a tough-minded judge will often give, unintentionally, a lenient sentence to a repeat offender.

There are, no doubt, soft-hearted juvenile court judges, but it would be wrong to blame them and their tenderness for all the dispositions juvenile courts make. All judges, the tough and the tender, take into account prior record: If it is unknown, either because of low arrest rates or poor information systems, the apparent result will be leniency.

These two factors—differences in the value attached by judges to retribution and differences in the information providing the basis from which a social debt can be calculated—help explain why so few convicted juveniles are punished. The Strasburg study examined the disposition of 191 juveniles in three New York area counties (Westchester, Manhattan, and Mercer) who had committed a violent crime. Though all were guilty of violent offenses, only 17 (9 percent) were placed in any kind of facility. Even among the chronic offenders—those who had already committed five or more offenses—only 20.4 percent were placed in a facility. Most of the remainder were given probation or a suspended sentence, or released.

The Office of Children's Services of the New York State Division of Criminal Justice Services examined the court records of 3,892 persons under the age of 16 who had been arrested for robbery in New York City between July 1, 1973 and June 30, 1974. Only 118 were placed under close supervision or in a facility at the end of the process. Juveniles fall out of the family court system for many reasons and at many points, as Table I (on the next page) illustrates.

In short, only 3 percent of the juveniles arrested for robbery and

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only 7 percent of the juveniles actually tried in family court received any form of custodial care, whether with a relative, in a

TABLE I. *Disposition of Robbery Cases in Family Court**

Total number of juveniles charged with robbery		3,892
Number dismissed ("adjusted") at intake		2,165
Number referred to family court		1,727
Pending	134	
Dismissed	1,010	
Given probation	218	
Placed in a foster home or juvenile home	113	
Committed to a correctional facility	5	
Other	128	
"Not found"	119	
Total referred to family court	1,727	

*Source: Office of Children's Services of the New York State Division of Criminal Justice Services.

juvenile home or training school, or in an adult prison. It is hard to imagine anyone being satisfied with what now appears to be the case: Either far too many juveniles are arrested or far too few are punished.

Furthermore, dispositions are not quickly obtained. Fewer than one third of the New York City juvenile arrests studied by the Office of Children's Services were disposed of within three months, half took six months or longer, and 12 percent took over a year. These long delays were as likely to occur for juveniles charged with the most serious offenses as for those charged with relatively minor ones. Over a third of the murder cases, nearly a third of the rape cases, and over a quarter of the robbery cases took 10 months or more to resolve. Again, it is hard to see how society could benefit from such delays: If juveniles are detained awaiting disposition, they may unnecessarily spend months awaiting a decision that exonerates them; if juveniles are not detained and are guilty, then additional victims probably suffer.

Some changes are now underway in New York's juvenile-justice system. There is now a "designated felony" procedure that could make it easier for prosecutors and judges to distinguish procedurally between serious offenders and the large number of juveniles arrested for minor or "status" offenses. Juveniles arrested for certain offenses may now be fingerprinted. A centralized information system for juvenile records is being planned. It is too soon to tell what differences these changes will make.

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Defects of the two-track approach

The specialized treatment given juveniles and the existence of a separate set of institutions (courts, probation workers, record systems) were based on the belief that special procedures for handling juveniles would serve their special needs, facilitate rehabilitation, and prevent premature criminalization. Of late, serious doubt has been cast on the accuracy of these predictions, especially concerning the possibility of rehabilitation, but it is not our purpose here to take sides in that argument. Suppose for the moment that there are good reasons for having special procedures for juvenile offenders. A two-track justice system—one for juveniles, one for adults—has serious costs in terms of both fairness and crime control that must be taken into account in evaluating its real or imagined benefits.

The two-track system means that the heaviest punishment will fall on offenders at or near the end of their criminal careers. Furthermore, there are good reasons to believe—though as yet there is no conclusive evidence—that some adults are punished too severely and some too leniently because of erroneous or incomplete information about their prior criminal records.

The first problem—imprisoning offenders when their criminal activity is low and falling rather than high and rising—is no problem at all, of course, if one believes simply in the social-debt rationale of punishment. Such offenders have, so to speak, used up society's hospitality: Forgiven as first offenders, forgiven as second offenders, they finally exhaust our patience and are sent away after the third, fifth or 10th offense. But a pure social-debt theory allows no room for crime-control objectives. This might be a manageable problem if every offender were equally likely to commit another offense in a given time period; we would then merely decide how many crimes we are willing to tolerate in exchange for indulging our preference for forgiving first or second offenders. But when crime commission declines with age, and does so without our being aware of it, our social-debt policy can have unexpectedly high costs in terms of crimes not prevented.

To make this clear, consider the data in Table II, from a sample of 3,688 adult offenders arrested for serious crimes in the District of Columbia in 1973. For each offender, we calculated the number of prior convictions and the annual rate at which offenders in each group commit crimes. (This calculation is based on past arrests, and thus overstates the true number of offenses, especially for older persons.) As Table II shows, younger offenders (aged 18 to 25) com-

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mit many more felonies per year, on the average, than most criminals aged 30 and over, even after controlling for the number of prior convictions. For example, among those with no prior convictions, younger offenders commit nearly 10 times as many felonies per year as older ones.

TABLE II. *Annual Offense Rates by Prior-Conviction Record and Age**

	Number Of Offenders	Annual Offense Rates Index Crimes	All Felonies
No previous felony convictions			
Ages 18-25	847	3.5	4.5
Ages 25-30	295	1.0	1.5
Ages 30 and over	561	.5	.5
One previous felony conviction			
Ages 18-25	434	4.0	5.5
Ages 25-30	242	2.0	2.5
Ages 30 and over	337	1.0	1.0
Two previous felony convictions			
Ages 18-25	139	8.0	10.5
Ages 25-30	88	2.5	4.0
Ages 30 and over	210	1.5	2.0
Three previous felony convictions			
Ages 18-25	32	8.0	15.0
Ages 25-30	56	5.0	7.0
Ages 30 and over	147	2.0	2.5
Four previous felony convictions			
Ages 18-25	19	8.0	17.5
Ages 25-30	43	6.0	8.5
Ages 30 and over	219	3.5	5.0
Total all ages	3,688	2.7	3.5

*Source: Federal Bureau of Investigation's computerized history file. The sample includes all adults arrested in the District of Columbia in 1973 for an index crime (except larceny) with at least one prior arrest. Offenders with one prior arrest represent 70 percent of all adults arrested. An average annual offense rate was computed for each offender by dividing all arrests (index or felony) before 1973 by the number of years between age 18 and age just prior to the 1973 sampling arrest, less time in prison. Each arrest was presumed to represent five crimes.

It is also true that, for any age group, the more prior convictions an offender has, the more felonies he commits per year. But overall, the differences among criminals in their annual felony-commission rate by number of prior convictions is obscured by the decline in offense rates with age. Another problem is that the vast majority of these offenders have no, or only one, prior conviction.

To see what that means in terms of crime control, suppose that you are a judge who decides to send to prison every offender with three or more prior convictions and to put on probation every offender with two or fewer prior convictions. By incapacitating those three-time losers, you will be imprisoning offenders who ac-

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count for only about 20 percent of all crimes committed and assuring the freedom of those who commit the other 80 percent.

The conflict between the social-debt rationale of punishment and a rationale of crime-reduction-by-prison is clear. Unfortunately, for those who prefer the latter, its cost would be very great. Table II also shows that the number of offenders in the young (18-25) age group is quite large (1,471) while the number of offenders with three or more convictions, regardless of age, is much smaller (516). If we imprisoned young offenders, or more accurately (and fairly), offenders with the highest annual felony rates (who, as it happens, are mostly young), rather than those who have long records (who, as it happens, are mostly older), we might have to triple the size of the imprisoned population in the District.

The choice may not be quite that bleak, however. Suppose it were possible, before sentencing, to give prosecutors and judges accurate information about the prior record of convicted offenders. Then courts well might—in fact, almost surely would—send many more high-rate offenders to prison and perhaps far fewer low-rate offenders. Not everybody aged 18 has a high felony rate, and not everybody over 30 has a low rate. But the system is not well organized now to supply that information, in part because it is a two-track system.

In our District of Columbia study, we were unable to find out the juvenile records of our sample of arrested adults. There was no place where the two sets of records were merged. We think that is the case in many places. As a result, a judge sentencing an 18-year old convicted of robbery may not know whether he is sentencing a chronic or a first-time offender. As a result, he may sentence some too severely (in the mistaken view that they are troublemakers) and sentence others too leniently (in the mistaken view that they are novices). Even worse, some juvenile records may be made selectively available to the judge by a police officer, prosecutor, or probation officer who may know the offender and may have some special reason for putting in either a good word or a bad word for the accused, with possibly prejudicial effects.

At issue is not only some objective standard of fairness, but perceived fairness as well. Suppose you are a 35-year-old man serving a long sentence in prison. Suppose that you are one of those—who may be in the majority—for whom crime has lost its appeal; as a crook, you are almost burned out. For years, as an active criminal, you were allowed to stay on the street; now, about to retire, you find yourself facing the prospect of five or 10 years in prison. If no-

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body has explained the social-debt rationale of punishment to you, you might well feel unjustly treated. *Your* rationale for punishment may not be social debt but "current badness": People who are wicked *now* should be punished, people not wicked now should not be, or at least not severely.

Suppose instead that you are a 17-year-old who despises "straight" society, lives by his wits, and steals a lot. You notice that you are arrested from time to time, but not much happens even though you are an active criminal. Your record has not yet caught up with you. You do not feel unjustly treated; rather, you feel contemptuous of the system that claims to enforce the law. You feel you can beat that system and that, accordingly, it deserves no respect.

We think these are quite common reactions and help explain two disturbing facts—adult prisoners who feel the criminal-justice system is unjust and young offenders who find it irrelevant.

What to do

There is no easy answer to this problem. No one wants to throw all youthful, first- or second-time offenders in prison. Many of them have committed only trivial offenses, and in any event their numbers are vast. Wolfgang and his colleagues at the University of Pennsylvania estimated that a third of the boys who grew up in Philadelphia during the 1950's were arrested for some crime by age 18. To be sure, the vast majority of *serious* crimes were committed by a much smaller fraction of these boys—probably by the approximately 6 percent who are chronic offenders—but even 6 percent of all the boys under the age of 18 is a large number. In between the casual and the chronic offender are the recidivists arrested two, three, or four times in their careers. In an average year, these recidivists may commit only one or two offenses. This means that for every recidivist imprisoned for one year, only one or two crimes are prevented. To prevent a large number of crimes in this way would require a very large number of prison spaces.

We think two things can be done. One is to insure that some significant punishment befalls all offenders, especially young ones, who commit a serious crime. This could involve victim restitution, community service, or a weekend or two in jail, or more severe punishment in some cases. The object would be to heighten the credibility of the justice system and of the legal and moral code it is charged with enforcing, by establishing early in the prospective criminal career that some penalty (not "probation" or "case con-

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tinued without a finding") follows any detected serious offense. Though studies of the process of deterrence have methodological problems and have not, so far as we know, been applied to sanctions other than imprisonment or fines, we are persuaded that sanctions do affect crime rates, other things being equal. (The other things that need to be equal are, of course, not unimportant: The presence or absence of job opportunities for young persons will affect, we think, the extent to which crime appears attractive and sanctions appear costly. We omit a consideration of such matters here only because we wish to draw attention to problems in the criminal justice system that should be solved under any labor market conditions.)

And second, we believe the criminal justice system should be organized so that there are not two independent tracks, based on age, for serious repeat offenders. There are probably good reasons for retaining a two-track approach for most offenders caught by the law. After all, the great majority of young men arrested in the Wolfgang study were never arrested again. Furthermore, juvenile courts handle many matters besides serious crime. But there should be a mechanism for identifying, compiling information about, and swiftly adjudicating serious repeat offenders, regardless of age.

In the RAND study, two kinds of career criminals were identified by the interviewers: intensive and intermittent offenders. The former committed more crimes per month on the street, committed more serious crimes, were more likely to think of themselves as criminals, and were somewhat more successful in avoiding arrest than the latter. To identify intensive offenders as early as possible, it will be necessary to photograph and fingerprint juveniles who commit serious crimes, especially violent ones; to allow them to be identified in line-ups; and to compile such information in some centralized manner, so that any criminal-justice agency (but not persons outside it) would have a complete record on intensive or violent offenders available at all points in the process, and in all nearby jurisdictions.

The current system is so badly organized that we have been unable to find anywhere the data that would permit us to measure more precisely the extent to which the two-track process produces inequities. Complete criminal (or arrest) records for offenders—juvenile and adult records combined—are needed, so that one can see whether an offender just entering the adult system (say, at age 19) is more or less likely to be punished than an offender with the same prior record who commits the same offense but is still in

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the juvenile system. We know enough to believe that some substantial inequities exist and that there may be many offenders who, as young adults (say, aged 18 to 22), get a "free ride" because their juvenile record is ignored. One fact should suggest that there is a "hole" in our system. In California, the average age of persons committed to a juvenile facility is 16; the average age of persons committed to an adult institution is 28. It is hard to believe that offenders between the ages of 17 and 27 do not tend to commit crimes deserving of punishment.

Perhaps there should be a two-track system, but with the tracks defined by the nature of the criminal career rather than by the age of the offender. One system would deal, largely by non-custodial means, with routine, intermittent offenders or those with short criminal records. The other would deal with serious, intensive offenders and would almost invariably employ close supervision or custody. The recent creation of major offense bureaus in various prosecutorial offices allows scarce court resources to focus sharply on serious repeat offenders, who are dealt with quickly and often severely. But these bureaus are limited to adult offenders; few comparable organizations exist for the serious young offender.

We make no recommendation concerning the exact dispositions such offenders should receive if convicted. The key would be close supervision, both to protect society and to make credible the costs of crime, as well as to insure justice. Such supervision can occur in many settings, and need not always or usually occur in conventional prisons. For some, this supervision can occur in the community, provided it is close; for others, separation from the community may be necessary.

All of these matters deserve to be debated. What needs to be understood in that debate is the extent to which the present two-track criminal justice system defeats the purposes of those who wish to protect society, as well as those who wish to protect the accused, and produces a distribution of penalties that is ultimately indefensible. Information about offenders is inadequate for purposes of calculating social debt, penalties are wrongly apportioned for purposes of crime reduction, and the system encourages young serious offenders to scoff, and older retired offenders to despair.

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The future that never was

DANIEL BELL

LONDON renews the pleasures of urban life. It is a city one can walk in; its history is written in its streets. Paris has its grand public architecture, but the bulbous tops of the Louvre or the high mansard roofs that form a continuous line along the *grands boulevards* can be oppressive, and the heavy gates framing the street lines of the old buildings bar one from the charming courtyards lying within the walls. Tokyo is shapeless and ugly, coming alive only at night in the carnival profusion of neon signs and in the narrow, twisting streets of the entertainment centers in the heart of each district or at the nodules of the railways terminuses. New York is bustle and noise and dirt, yet its main streets, like Madison Avenue or Fifth Avenue, go surprisingly dead after 10 o'clock at night. Its marvel is the massed, powerful skyline visible from Brooklyn Heights or the Triborough Bridge or the Jersey Palisades; it is impressive, but only at a distance.

London is open to exploration from within. Few buildings are striking in themselves. Yet its streets are a succession of distinctive styles. It is a city full of constant surprises: the profusion of fan-

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A second essay by Daniel Bell, on changes in Britain's social, occupational, and political structures, will appear in the Summer issue of The Public Interest.

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tastic rooftops (London architects ran riot on its roofs), such as the elaborate copy of the Tomb of Mausolus atop the Palladian front of Hawksmoor's St. George Bloomsbury Church, or the endearing abundance of odd shops, such as a store in Drury Lane with a window laced like a curlicue, with literally thousands of nibs to fit hundreds of different quills and pens, so that one can find that distinctive edge for an individual style of penmanship. (But does anyone learn penmanship in the age of the typewriter, cassette, and computer? Some people, I suppose, for the store is still there—but for how long?)[1] London is a city of domestic architecture, the cityscape (until recently) visible along the sightline of eye level, the even vistas broken only occasionally, and to one's visual delight, by the spires of numerous churches or the curving symmetry in the crescents of Regency row houses. And everywhere, the green of the gardens and parks.

Yet much of this is a facade. The Nash-terrace houses that ring the southern end of Regent's Park, in that beautiful ivory color, were cheaply built, their columns not Portland stone but rubble pressed together and painted over. The interiors of the attractive row houses in Chelsea or Chalk Farm are small and cramped, and in the winter damp and chill. Much of old London is built on bog or fill, still threaded by underground rivers (which is why the first tubes, such as the Circle Line, are open cut, and the later ones are laid so deep), and the foundations of buildings, horizontal layerings of wooden beams, are still settling, so that the buildings often stand up literally by pressing against one another as they sink into a compressed neighborliness. And the river banks are still endangered by the large tidal sweeps of the Thames, which threaten to wash over or erode the embankments.

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[1] In a literature-sociology seminar that I gave at Columbia a dozen or so years ago with Lionel Trilling and Steven Marcus, one of the books we read was Thackeray's *Vanity Fair*. We asked the students to "map" the book by matching the different characters with the neighborhoods in which they lived. The foreigners lived in Soho, the raffish types in Mayfair, the upper class in Belgravia —a social-class distribution set in 1810 (the novel was written in 1849) that held startlingly true down to recent days—or at least through Evelyn Waugh's novels. We asked the students to explain the fact that, as against most cities in the world, each locale in London had maintained its distinctive character for almost a century and a half. To do so, we had to instruct them—since most students were ignorant of such matters—in the meaning of entails, strict settlements, ground rent, leaseholds and freeholds, and the different ways land title was preserved as a continuing source of family and Crown wealth. (The fifth Duke of Westminster still owns 300 acres in the heart of London, 100 acres in Mayfair, including Grosvenor Square, and 200 acres in Belgravia.) The students had come to discuss literary criticism, but they found themselves absorbing real-estate law as well. But that is one virtue of combining literature with sociology.

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Is this a summary of England today? A city where history is tangible, still not erased; where one can enjoy the visual delights of past and present combined; yet where there is inner decay? London is surely, as one would say, a marvelous city to visit. But would one want to live there?

The quality of life

My family and I did live in London last year, a year of an academic sabbatical. We had a lovely flat facing the park called Primrose Hill, one block north of the Regent's Park Zoo, halfway (but almost a mile in either direction) between the Camden Town and Chalk Farm tube stations. The flat, which is let furnished each year, had once been rented by a Harvard colleague, and there was an academic daisy chain in the use of it.[2]

We arrived in London in August 1976, left our bags in the flat, and went to the Continent for a month. In order to have an English checking account available on our return, I had had my American bank cable a letter of credit to the local Barclay's Bank, and we asked the manager to have checks ready for us on our return. I was asked for three references, which I gave from our circle of academic friends. On returning to London, I asked for the checks, only to be told by the manager that they had not been printed because *one* of my references had failed to reply. I called the man, a distinguished figure in London life, found that he had been away on holiday, and had him send over, by messenger, the necessary reference. Two days later, I inquired again for the checks, but was told that they could not be released because my reference had *his* account at the National Westminster Bank, and the form had been mailed there to verify his signature. At that point I exploded, pointed out that Barclay's had on deposit several thousand of *my* pounds, that I was a visiting fellow at a prominent London university, that my son was boarding in a London public school, and

[2] Under English housing law, sitting tenants of unfurnished flats have rights almost in "perpetuity," i.e., they cannot be dispossessed without elaborate proceedings. Tenants of furnished flats also have equal rights, and since rents are fixed, they can be raised only after lengthy proceedings. This is why many flats are left vacant when owners go away for a period. But such absence raises the risk that the dwelling will be occupied by "squatters" (there are now 30,000 such cases in London), and even an owner with the clearest title has to go to court and through complex proceedings to get an openly illegal occupant evicted. This is why academic visitors are the most preferred tenants in London, for an owner *knows* a professor will leave at the end of a fixed period, and there is usually another colleague waiting his turn to move in.

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that it was highly unlikely that I would overdraw the account by a vast sum and flee the country. I told him that if the checks were not turned over immediately—since we had been borrowing money for a week to buy food—I would withdraw the money on the spot. The manager reluctantly gave us the checks, with a tight mutter about American rudeness.

I had thought, as I recounted this story to some friends, that this caution and delay was due to the fact that I was a foreigner, but I was told that this was the usual custom of British banks, and of British life. I tell this story because what one learns—and I shall return to the moral—is that anger and frustration arise principally when the *small* things in English life fail. Adversity or even disaster brings out the cooperative will to help and manage; the small, nagging items, repeated endlessly, lead to smoldering resentment or to explosive outburst. And life in England is often an endless round of *small* frustrations.

Certainly, this "human condition" is not restricted to England, and one can swap any such tales with greater horrors encountered in Paris or Rome, let alone New York or Cambridge, Massachusetts. But whereas in Paris these situations derive from an attitude of *je m'en .fiche,* or in Rome from *fanno schiffo tutti* (to give the rough American equivalent, "f—— 'em all"), the "endearing" thing about London is that few or any of these petty annoyances occur out of malice, as they do in almost all other cities, but because of incompetence, or tradition (sometimes the more polite way of stating the same point), or habit (the more realistic way of making the same point), or the fact that the British, who invented laissez-faire, the free market, and the invisible hand, have not faced and do not want to face the bite of competition. So things go on as they always have. But what is most striking, to an outside observer, and particularly the impatient American, is how all of these frustrations, stupidities, or incompetences are endured by Britons with so little complaint! This is the mystery of Britain.

Even when complaints are acknowledged, the British take refuge in pointing out either that things take time or that there is not enough money at the moment to do things. For example, from London one can dial direct, in minutes, to almost any number in the United States and most numbers in the large European cities. Yet to reach someone at the *Times* (which includes the daily *Times,* the Sunday *Times,* the *Times Literary Supplement,* the *Times Education Supplement,* and the *Times Higher Education Supplement,* all of which have their offices in the new monolithic office block

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on Gray's Inn Road), one must go through a single switchboard, since there is no Centrex or direct-dial system to any single office. But then, it was only last year that direct dialing to Members of Parliament was introduced at Westminster.

Of hot water and holidays

One hesitates to mention what may seem to be a picayune domestic detail, but I am emboldened to do so by independent corroboration. What drove my wife wild at home was that the hot and cold water faucets in the kitchen (and in the bathroom) ran separately, and nowhere could she find a "mixer" (either a metal or rubber-hose connection) to link up the kitchen taps. We assumed this was because the house was old, and my wife became resigned to a sink she had not encountered since her childhood days in Brooklyn, many years ago. While writing this article, I received an essay by Charles Wolf Jr. (the head of the economics section of the Rand Corporation), reporting on his stay in Britain, in which he observed, *en passant*:

> Consider the plumbing. During our Oxford stay, my wife and I lived in a modern housing complex constructed by University College four years ago. We were fortunate to get a small flat in this new development for faculty and graduate students, located in North Oxford. The new plumbing fixtures in the new building were marked with the usual enameled red dot and blue dot, denoting hot and cold faucets. But the water came out of *separate* faucets. Hence, in the winter at least through the end of April, one had to choose between *freezing* water or *scalding* water. No mixing of the water was possible in the basin. And these were *new* fixtures. But this is how water has been dispensed for many years, and the way fixtures continue to be made. Tradition and continuity.

Since we had been curious about this state of affairs, we made our own inquiries in London. We were told that the reasons for separate faucets had nothing to do with tradition and continuity: The British would not be *that* silly over things that were not hallowed. One plumber told us that the hot-water heaters (many made of old metal) generate impurities, while the cold water comes from the community system, so the health authorities would not sanction mixing the water. But you could, and did, mix the water in the basin—but that, after all, was *your* business, and no authority would interfere with private rights. Yet another plumber gave us a different reason: The hot and cold water flowed under different pressures, so mixing them in one tap would be dangerous. Some-

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how, of course, pressures are equalized in the United States. So it may be that English faucets are made the way they are because that is how they have always been made, and it *is* a matter of "tradition and continuity"—or simply habit and the lack of competition.

But the English endure, as demonstrated by our quintessential experience. We had spent the week before Christmas in Paris, and had not stocked up on food before we left—with a small refrigerator and no freezer, it would have been difficult to do so anyway. On Christmas day in Paris, we spent the morning at Sacré Coeur to hear the service, and then walked down from the *butte* of Montmartre. On the way down we found ourselves in one of the market streets of the *arrondissement,* a typical Paris market with street after street of open stalls. The dairy stalls were full of cheeses of all varieties. There were fishmongers, charcuteries, patisseries, and boulangeries galore. We debated buying some cheeses or meats to take home, but decided against burdening ourselves with packages.

We flew home early that afternoon to avoid the post-Christmas rush. In London, everything was shut tight. Not a store was open. It was, after all, Christmas Day, and also a Saturday. The next day was Sunday. And everything was of course shut down then, too. Monday was Boxing Day, so the stores remained closed. We waited, gasping, for Tuesday. But everything was still shut down: Tuesday had been declared a holiday, since Christmas Day had fallen on a Saturday, thus depriving workers of what would have been an extra holiday. On Wednesday a few food stores (run mostly by the Pakistanis in the neighborhood) opened, but most did not. The reason was that most stores in the area closed early on Thursday afternoons to give the staff some extra hours off, so why open on Wednesday, when there was early closing the next day? Friday evening was New Year's Eve, so there was no point in opening since the workers would want to leave early anyway. Saturday was New Year's Day, so naturally everything was closed. Sunday was Sunday. On Monday—on Monday, the stores remained closed because Saturday had been New Year's Day, and workers had again been deprived of a day off. All in all, everything, or almost everything (including many restaurants), was shut tight for 10 days. After all, with 10 days off in a row one could take those cheap package holidays to Paris and Rome, where everything is open, and cheeses and wines and oysters and *charcuterie* abound in such profusion; why stay in London?

Naturally, one does not want to deprive England of its high quality of life. The only question is: Can the British afford it?

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The wrong bash

There is a school of thinking—mostly among economists, especially conservative economists—with a simple formula for bashing Britain. The litany is by now familiar; Milton Friedman has sung it often. In 1952, Britain's GNP per capita was one-and-a-half times greater than that of West Germany and four-and-a-half times that of Japan; but today Germany's per-capita income is almost twice that of Britain ($6,200 versus $3,300), while that of Japan is more than 25-percent higher ($4,200 vs. $3,300). If one looks at growth rates (gross domestic product from 1950 to 1975), Japan was growing at 9 percent a year, West Germany at 5.7 percent, France at 5.1 percent, the United States at 3.5 percent, and Great Britain at 2.8 percent. So the British, once top dog, are now worse off than most other industrial countries.

The statistics are accurate,[3] but this is a profoundly wrong way to judge the matter. For one thing, it often mixes rates of growth with absolute levels achieved. (For example, the United Kingdom still has far *more* telephone and television sets per 1,000 inhabitants than West Germany, and almost as many passenger cars per 1,000 inhabitants—though the Germans probably have more higher-priced cars than the British, and they certainly eat more). Another more important psychological fact is that individuals in one country do *not* compare their lot primarily with that of individuals in other countries but with their *own* conditions in the past. (How many Americans know or worry about the fact that in the last 10 years four European countries—Switzerland, Sweden, Norway, and Denmark—have overtaken the United States in per-capita income?)

The basic point is that until two or three years ago, almost everyone in Great Britain was, and knew tangibly that he was, living much better than he did 25 years ago in almost all the dimensions of his life. It is true, and most Britons know it, that their country

[3] The fascinating fact, however, is that Britain's growth rate was substantially higher between 1960 and 1973 than in the "expansive" period between 1870 and 1913. The United States has been more static, as evident from the following table (from *Modern Economic Growth*, by Simon Kuznets, and *World Bank Atlas*, 1975):

	Annual Growth Rates	
	United States	United Kingdom
1870-1913		
GNP	4.3	2.2
GNP per capita	2.2	1.3
1960-1973		
GNP	4.3	2.9
GNP per capita	3.1	2.4

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has advanced at a slower rate than other industrial countries. But do *those* societies, with their higher growth rates, feel better off with their higher crime rates, greater fear for personal security, and increasing pollution and environmental spoliation? How does one weight these social factors in the economic balance sheets?

To trust statistics alone, as I have indicated, is to endorse a deception. Yet as rough indicators, these figures give some sense of the progress Britain has made. In the United Kingdom, real disposable income per capita (in 1970 prices) rose from £383 in 1951 to £735 in 1976—the 25-year period that has become the conventional way the British measure their progress in the 25th-anniversary year of the reign of Elizabeth II. In the same period, the weekly earnings of male manual workers rose from £37.8 to £71.5 (at 1977 prices). More tangibly, basic paid holidays for manual workers increased from 1¾ weeks 25 years ago to 3½ weeks in 1977. Television sets spread from 10 percent of the households in 1952 to 93 percent today. (Of course, television sets have proliferated everywhere, yet there is more penetration of households in Britain than in any other country in the world except the United States.) Telephones rose from 12 percent of the households to 55 percent (only Japan and the United States have a higher percentage). Automobiles, once owned by only 17 percent of households, are now owned by 74 percent. (The auto age has exploded all over Europe. In 1973, England had 244 cars for 1,000 inhabitants, France 268, West Germany 267, and Italy 243. In the United States, the figure was 478 per 1,000.)

The most radical change has taken place in housing. In 1914, about 90 percent of British housing was provided by private landlords; after World War II, this figure had fallen to about 50 percent; and by 1971 it had declined to a mere 14 percent of all accommodations. Almost 55 percent of all dwellings in Britain today are owner-occupied. The remainder are largely Council (i.e., municipally built and owned) houses and flats. And the quality has improved enormously. In 1951, 69 percent of *all* households had substantial "housing deficiencies" (i.e., lacked basic amenities); by 1971, this figure was down to 24 percent; by 1976, less than 10 percent of all housing stock was really substandard.

In most industrial societies, the worst-off in the population are usually the elderly, and in times of inflation they have been the most vulnerable. In Britain, however, because of an indexing scheme, from 1965 to 1975, old-age pensioners received *real* income gains of 70 percent. And this has been true of the poor as a whole.

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A 1977 study by the National Institute of Economic and Social Research showed that in the 20 years from 1953 to 1973, the real income of the poor increased by 60 to 70 percent. And while "statistical" poverty lines are inadequate indicators of people's perceptions about being poor, the total assistance given to the poor (on the basis of 1971 supplementary benefits) reduced the number of persons living in poverty from about a fifth of the population in 1953 to about a fortieth in 1973.

The frustrations of affluence

What has to be recognized is that during the two postwar decades in Britain, there were two social revolutions. One was the welfare state, initiated by Clement Attlee's Labour government in 1945, which created a vast array of social services to cope with the staggering number of human disabilities and social deficits. The other was the consumer boom initiated by Reginald Maudling's Tory budget in 1962, which, by substantially cutting the income tax and halving the tax rates on automobiles and other durable consumer goods, led to the spending spree that transformed Britain from the dowdy nation it had been between the wars into the trendy, swinging society of Carnaby Street and King's Road. This transformation was readily evident in the changes that were made in the serious Sunday newspapers—the *Times*, the *Observer*, and the *Telegraph*—from detailed reporting on political and economic issues in the world into glossy slicks, concentrating on home, fashion, packaged travel, and unpackaged sex.

These changes of the last 25 years have led to what may be called "the de Jouvenel paradox" in modern "fiscal sociology": the frustration of the individual who finds that although his income has doubled, he does not live twice as well as he did before. The reason, of course, is that when income doubles, there is more competition for inherently scarce goods and space. As more people acquire more cars, there is more congestion on the highways. As people travel more, there is more crowding in national parks and beaches. As more enlarge their cultural horizons, they get shuffled along tour lines in the Vatican, or around the Parthenon, or in the Uffizi. And even though expectations increase, only a few persons can own that desirable location on the mountain or by the sea. (All this has been documented, again, by Fred Hirsch, in his recent book, *Social Limits to Growth*.)

It is an accepted theorem among students of social unrest that

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upheaval is more likely to erupt in a society when there has been a long period of rising well-being, followed by an abrupt reversal. From 1950 to 1972, Great Britain had 22 years of slow but steady advance, resulting in an increase in per capita GNP of 168 percent. Yet in the last five years, inflation has been the immediate and drastic problem for those who expected to live better than they did before. The purchasing power of the pound has fallen 50 percent in the last five years, while the cost of living has doubled. During the past 12 months in Britain (to May 1977), according to the calculations of Alan Day, the respected economist at the London School of Economics, there occurred "the sharpest fall in the real living standards of Britain's working population in any year for at least a century, including the wars. Indeed, to find any comparable fall, it would probably be necessary to go back to the 18th and early 19th century."

Day takes the situation of a "typical" adult male worker, who earns about £80 a week (with a wife who does not work, and two children) and has an after-tax income of about £60 a week. In April 1973, during the investment boom of the Heath government, his real income was more than 11 percent above what it was in 1970. From that point on it began to slip back, though by 1976 it was still about 8 percent above what it was in 1970. In the single year from April 1976 to April 1977, as a result of the Labour government's austerity measures, the real living standard of the "typical man" had fallen by at least an additional 4 percent and probably by 8 percent. In real terms, the income of the "typical" worker was back to what he made in 1970.

A crisis generated by an external enemy brings a decent society strongly together, as Britain demonstrated during World War II. But when adversity is internal, the question of who is going to pay the piper becomes more difficult to resolve, and everyone tries to exempt himself. Typically, the organized groups—in this instance, the trade unions—managed to stay well ahead until 1976. The managerial middle class, the high-salary earner—the words "high salary" have an ironic ring—has fared worst of all. For "middle managers" (earning about £5,000 a year), and for "top managers" (at the £15,000-a-year level), the real take-home pay in early 1975 was 20 percent below 1973 levels. And, as of mid-1977, the real income of "top managers" was about 40 percent below 1970 levels.

The other side of the coin has been a much greater rise in unemployment than anyone in England ever expected, or believed could be tolerated. By August 1977, 6 percent of the labor force

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were unemployed—a total of 1.4 million persons, as against the fewer than one-half million jobless in late 1973. In Scotland, unemployment was at nearly 9 percent. As in most Western countries, the figure has been inflated by the young people entering the labor market; and with high levels of unemployment benefits, joblessness is no longer the economic misery it was in the 1930's. But for the British, traumatized by the dole during the Depression, the psychological blow of this rise has been severe. And its more important effects will be felt in the next decade, when the British government will have to cope with the enormous "over-manning" that exists in many industries, and with the large-scale displacements—in steel, automobiles, electrical manufacture, textiles—that will have to be made if British industry is to become more "rationalized" and competitive.

The squeeze was inevitable because since 1972 the British have been living beyond their means. The table below provides a graphic illustration:

Percentage Increases Since 1970, Selected Measures[1]

Year	Gross Domestic Product[2]	Disposable National Income[2]	Disposable Personal Income Per Capita
1971	1.7%	2.2%	1.9%
1972	4.3	5.4	9.6
1973	10.3	10.3	16.0
1974	10.1	5.2	18.0
1975	7.8	4.8	17.2
1976	9.0	5.0	16.3

[1] Source: Calculations by Alan Day from government reports.
[2] Gross domestic product shows how much is produced, and disposable national income the amount available to spend. Income fell relative to GNP after 1973 because of the adverse effects of the rise in oil prices on the collective real income.

If one looks at 1974-75, after-tax personal income soared way ahead of real national income, and it continued to do so in the following two years. Britain could follow this course only by borrowing abroad, at the expense of investment at home. And because of inflation, business and individuals were unwilling to invest and found it simpler to consume the capital at hand. At some point, Britain had to face the moment of truth. There had to be a squeeze on personal incomes and extensive cuts in their social services to align domestic product with disposable income, which was what the Callaghan-Healey budgets sought to do.

This situation poses some larger questions for analysis and understanding: What were the causes of the disastrous inflation and

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economic performance of the last five years? Are the reversals of the past five years the beginning (again) of the long-predicted (going back 60 years) slide of the British economy and a long stagnation? Under what circumstances, if any, can Britain turn itself around and resume the steady, if slow, pace of economic expansion? In short, is this recent period the "turning point" that "History" has marked for Britain—as it has for so many great empires in the past? Or, to put the question in less grandiose Hegelian-Spenglerian language, and in the more prosaic jargon of the sociologist: Have the institutional structures of British society become so encrusted, and the economic deficits (in capital stock, plant equipment, and skills) so great, that *no* government, socialist or Tory, can reverse the situation? These are large questions. Yet if we want to know if a society is "disintegrating" or "stagnating," and what these words mean, then the effort must be made to answer these questions in specific historical and empirical terms.

The balloon bursts

A writer in *The Economist*, reviewing a book by Michael Stewart on politics and economic policy since 1964 (*The Jekyll and Hyde Years*), remarked:

> Britain has been in something of an economic mess for at least 50, and possibly 100, years. But the full extent of its problem has been revealed only in the course of the past 20 years, and it is only since about 1973 that events have moved it decisively close to the economic and political abyss that even the fortuitous proceeds of North Sea oil may not be able to bridge. It became accustomed to the whips of low growth; it is now learning what it is like to be chastised with the scorpions of inflation.

If one seeks to explain the savage inflation of the past four years, a number of immediate factors are readily evident. The problem in Britain began in 1972 when the Heath government tried to stimulate investment with an extraordinary expansion of the money supply (to provide cheap credit) and large tax inducements. However, it did so not at the "expense of" the other two expansionary areas of the economy—the governmental social-welfare expenditure and the consumer boom—but as an additional one. The misfortune of Heath's strategy was one of timing: It coincided with a synchronous rise in demand throughout the world (the cresting of a 25-year economic boom unparalleled in world economic history). At the same time and also in consequence, Britain's economic difficulties

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were compounded by shortages of primary processing capacity (steel, aluminum, paper, and the like), causing steep price rises in these products; worldwide competition for raw materials; calamitous food shortages because of rising demand and adverse weather conditions; and the crunch of the OPEC oil embargo, which resulted in the quadrupling and quintupling of oil prices to the importing countries.

Heath sought to hold the reins tightly with an incomes policy, which only led to a disastrous confrontation with the trade unions. The coal miners, smarting under a relative decrease in wages and the shrinkage of employment in the boom-and-bust cycle of the industry (the number of wrong predictions about the shortages and surpluses of coal in Britain in the last 25 years should give any forecaster pause), demanded a sensational 30-percent increase in wages. The Heath government stood firm, and there ensued a winter-long strike that by early 1973 had put British industry on a three-day week, and sharply limited domestic consumption of electricity throughout the island.

Heath lost his gamble when a commission he had appointed to explore the justice of the miners' claim vindicated their argument, and Heath's resistance collapsed. Yet what was due the miners was now also claimed by every other sector of organized labor in a shattering wave of strikes from mid-June 1974 to mid-1975. Average earnings rose 27.9 percent while prices rose 24 percent. The wages of the miners went up by 173 percent in the four years to 1976. Wages in the public sector, particularly transport, were higher than the price increases. Secondary-school teachers, who had averaged wage increases of 12 percent in the four years to 1974, received 38 percent in 1975, and a better-than-average 23 percent in 1976. Civil servants, of course, did well, with pay increases in 1976 averaging 30 percent. Doctors increased their gross pay by 60 percent. Even the low-paid workers gained considerably. Clerks earning a below-average £1,720 a year in 1972 were raised in gross pay to £2,980 in 1976, and, before taxes, took home nearly twice as much in 1976 as they had four years earlier. Between 1965 and 1975, the real wages of British workers rose, on an average, by 6.7 percent a year. Then the balloon burst.

Accounting for inflation

Standing so close to the abyss has provoked a strenuous debate among British economists about the reasons for Britain's plight. If

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it were only a matter of a fortuitous combination of the external factors enumerated above, then it would simply be a matter of time before those factors had run their course (e.g., the primary-processing shortages have already turned into gluts, and industries like steel are in trouble).

One prominent group of economists does believe that the source of England's inflation and recent troubles are primarily "external," a matter of importing too much at the expense of domestic industry, of maintaining sterling as a reserve currency, or of carrying the burden of fixed exchange rates for so many years—in short, of an unrealistic relation between the internal and external value of the pound, which resulted in exports becoming more expensive, imports becoming cheaper than they would otherwise have been, and the balance-of-payments widening accordingly.[4]

Those who advance this argument—Wynne Godley, Robert Neild, and Michael Posner, the "second-generation" Cambridge economists (Keynes, Richard Kahn, Piero Sraffa, and Joan Robinson were the first, though such a generational description excludes Alfred Marshall, who created neo-classical economics)—propose a "siege economy." This would impose heavy import controls on manufactured products, so that the British consumer would have to resort to domestic products (imported cars now account for almost half of the total automobile sales in Britain), thus taking up the slack in underutilized British capacity. Intellectually this argument has the virtue of boldly accepting the implication (which most Keynesians have avoided) that a full employment policy must, in all probability, be accompanied by a number of controls, the first of which is the control of foreign trade.

Though the "new" Cambridge economists are not radicals, it is no accident (to use the language of elective affinities) that their

[4] In a speech in the House of Lords, delivered in 1944 while the new international currency arrangements were being hammered out at Bretton Woods, Keynes remarked:

> We are determined that, in the future, the external value of sterling shall conform to its internal value as set by our own domestic policies, and not the other way around . . . [the plan] provides that its external value should be altered if necessary so as to conform to whatever *de facto* internal value results from domestic policies, *which themselves shall be immune from criticism by the Fund* [italics added].

The irony of Keynes' statement is that for almost 25 years the system of fixed exchange rates set up by the Fund determined the internal value of sterling, while the domestic policies of the British governments have been modified directly by the whip of the International Monetary Fund, the institution Keynes created. As the condition for "bailing out" Britain with a $3.9 billion standby loan in 1976, the Labor Government had to reduce public spending sharply.

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point of view has been ardently embraced by the left wing of the British Labour Party, in particular, by Anthony Wedgwood Benn. Their position would necessarily involve taking Britain out of the Common Market, which the Labour Left would welcome. Their argument minimizes the responsibility of domestic actors, particularly the trade unions, for the plight of Britain. (Curiously, as we shall see later, it goes squarely against what the "true" Keynesians would regard as the source of inflation in Britain.)

Quite a different interpretation of Britain's plight was given in November 1975 by two young Oxford economists, Robert Bacon and Walter Eltis, in a series of *Sunday Times* articles, later elaborated in a small book, *Britain's Economic Problems: Too Few Producers*. After the war, their argument runs, Britain committed itself to full employment. This was done principally by expanding the number of jobs in the service sectors, particularly government employment, because these sectors required little capital investment, and jobs could be generated quickly by direct expenditure and the enlargement of existing offices and services. But this sector of "non-marketed" goods was inherently low in productivity, and thereby placed a greater burden on the industrial sector of the economy, which failed to respond because of insufficient investment. There thus arose a large public-sector fiscal deficit, on top of a growing balance-of-payments deficit, resulting in double-digit inflation.

In support of their argument, Bacon and Eltis claimed that a structural shift had taken place in the British economy since 1963. This was indicated by the fact that from 1961 to 1974 non-industrial employment in Britain increased by more than 33 percent, as against 18.6 percent in France, 15.4 percent in the United States, 14.2 percent in West Germany, and minus 1.5 percent in Japan. The larger rise in Britain was in local government, where employment increased 54 percent, as against a 9-percent increase in private-sector service employment in banking, insurance, finance, and retail sales. Educational services during this period showed the greatest rise, 76.4 percent, while medical and dental services increased 45.1 percent. ("The Oxfordshire County Council now employs more workers in Oxfordshire than British Leyland.") But Bacon and Eltis commented:

> It must be emphasized that the shift has been as rapid under Conservative as under Labour governments, and employment in education increased more rapidly when Mrs. Thatcher was Secretary of State for Education and Science (1970-1974) than in 1964-1970; and during

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> the same period when Sir Keith Joseph [the most outspoken Tory spokesman for free enterprise] was Secretary of State for Social Services, employment in the provision of health and welfare services grew 8.2-percent faster than employment in general.

The reason for this expansion, the Oxford economists argue, was not changes in population structure, but the fact that workers could be fitted into existing or even expanded office space more readily than in industry, where additional machinery is required: "The extra workers were . . . drawn into the public sector because all wanted to improve social services, and because to increase public sector employment appeared a cheap and socially desirable way of achieving full employment in times of recession."

The consequence of this structural change, however, was the shrinkage of the industrial, or more productive, sector: "In 1961, 59 percent of industrial production was consumed and invested outside industry itself. By 1974 non-industry took 73 percent, leaving just 28 percent for industry and the balance of payments [as against the 41 percent available in 1961]." Net industrial investment (as a fraction of final sales of industrial production) fell from between 8 and 9 percent in the mid-1960's to about 3.5 percent (except for North Sea oil investment in the 1970's). Their conclusion was this:

> The great increase in non-industrial employment and the accompanying increase in non-industrial investment therefore took resources away from the balance of payments and industrial investment, and this is precisely what Britain could not afford . . . if the country was ever to escape from the trap of an industrial sector too small to provide all that was required of it.

The difficulty with the Bacon and Eltis argument is that it combines two different problems. One was the failure of Britain to refurbish or invest in industry—though they never raise the sociological question whether this could be done as easily as they assume. The other was the effort, which Eltis discussed more fully in an article, "The Failure of the Keynesian Conventional Wisdom" (*Lloyd's Bank Review,* November 1976), to link the balance-of-payments deficit and the increase in public expenditure to the common source of "deficit finance" (or "demand management," as it is termed in Britain) and thus to the malevolent influence of Keynes.[5]

[5] The argument about deficit finance and the size of the public sector seems exaggerated to me. In the period Bacon and Eltis are talking about, all governments resorted to deficit financing. The budget deficit in the United States during the Nixon and Ford Administrations, from 1972 to 1976, went from $23.2 billion to $76 billion.

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Was Keynes the villain?

The most interesting reply to Eltis came from Lord Kahn, who, as Professor Richard Kahn, was Keynes' closest friend and confidant at Cambridge. Though he has published little, as a teacher Kahn has been one of the most influential Keynesians, and he is regarded as having the truest knowledge of the master's intentions (if not always the text, since that is open to so much dispute). In an essay, "Mr. Eltis and the Keynesians," Kahn pointed out that much of the attack on Keynes is couched in what he calls "vulgar Keynesianism," since in the *General Theory,* Keynes wrote little about public expenditure as a means of increasing employment; his main concern was that private investment be adequately stimulated by low rates of interest. Vulgar Keynesianism, Kahn points out, really derives from an article Keynes wrote with Hubert Henderson in 1929, advocating public works as a means of reducing unemployment. And Kahn ridicules as a caricature the notion that consumption plus investment plus government expenditures results in higher levels of national income, since "there is no such thing as a definite level of full employment."

The immediate issue, however, is the question of inflation, and here Lord Kahn disputes the monetarist interpretation (e.g., that of Milton Friedman) of the causes of inflation. Lord Kahn writes:

> The behaviour of the price level is scarcely influenced—if at all—by the level of demand. Keynesians attribute the behavior of prices to the behaviour of money costs of production, including taxation, together

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The argument about the size of the public sector is not relevant. Milton Friedman has argued that the government sector in the United States is 38 percent of GNP and that we are on the "road" to Britain's fate, where 60 percent of GNP is accounted for by government expenditure. For one thing, the 60-percent figure is wrong. The British Treasury now puts the figure at 46 percent, since the larger figure wrongly included some non-government financing within nationalized industries. But more generally, the British government includes within public-sector accounts expenditures that in the United States fall within the not-for-profit, yet private sector, such as health-care costs. In Britain these are largely within the government health service. In the United States these fall under Blue Cross-Blue Shield insurance schemes. Both may be equally "unproductive," yet in the United States such costs do not show up so readily in the government accounts.

The fact that Great Britain has nationalized various industries says little about the behavior of firms and the size of the government sector. Can one accurately distinguish the different market behavior of British Airways, Pan-American, TWA, or Lufthansa (74 percent of whose shares are owned by the German government)? Or that of Volkswagen, Renault, Ford, Chrysler, General Motors, Toyota, and Datsun? And can one readily identify which are government "owned" and which are not? As in many ideological disputes, the words "public" and "private" mask some common realities, and we need better terms to distinguish the behavior of firms.

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with the behaviour of the prices of imported goods. *This largely boils down to the behaviour of money wages. . . .*

A reduction in the rate of inflation depends on the willingness of wage-earners to accept the downward adjustment of the rate of increase in money wages. This represents one of the really important problems of economic policy [emphasis added].

Paradoxically, for those with a taste for ideological scholasticism, the conservative Milton Friedman and the monetarists (but not the practical businessmen who listen to this "academic scribbler") have little if any interest in wage costs or trade union behavior, or believe that they have no major economic importance. Friedman, in fact, has written that unions do *not* affect the general price level, for if the quantity of money is held steady, then union pressure can result only in a redistribution of wages under that tight lid. The "liberal" Keynesians, however (like most businessmen, who do not know their true intellectual affinities), think that rising price levels and inflation are due to "the excess in the rate of increase of wages over the rate of growth of productivity." And the central question for them is not the quantity of money, but the measure of the wage increases in relation to productivity.[6] Lord Kahn concludes:

> I entirely agree with the view taken by Mr. Eltis . . . that we are in dire straits. We have to suffer massive unemployment because our output and income have to be sufficiently low to keep imports down to a level at which the current account balance of payments deficit can be financed by the facilities made available to use by the IMF and central banks. And we have to accept the conditions imposed on us in consideration of our accepting their help. But this is not the result of the teaching of true Keynesians—*it is the result of the utterly irresponsible wage inflation from which we suffered so severely until about two years ago* [emphasis added].

A number of young Marxist economists agree completely with Lord Kahn but obviously reach entirely different ideological conclusions. In 1972, two other Oxford economists, Andrew Glyn and Bob Sutcliffe, wrote a book, *British Capitalism, Workers and the*

[6] It is equally interesting that another veteran Keynesian, James Meade, in his 1975 book, *The Intelligent Radical's Guide to Economic Policy: The Mixed Economy,* places similar emphasis on the necessity of wage restraint if full employment is to be combined with price stability. Under Meade's prescription, any set of union demands would have to be reviewed by an administrative board to see if they were inflationary. Strikes in pursuit of inflationary wage demands would be penalized by forefeiting unemployment-insurance benefits, union payments to striking workers would be taxable, and any public relief given to strikers would be regarded as loans that would have to be repaid.

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Profit Squeeze, in which they claimed that the major wage push beginning to take place in British society would bring about the collapse of capitalism, because it would lower the rate of profit so much that no capitalists would or could dare to make further investments in industry. In their book, Bacon and Eltis point out that, as a share of manufacturing output, company profits (net of tax, capital consumption, and stock appreciation) have fallen since 1964, from 17.5 percent of value-added, to 7 percent in 1970, 1971, and 1972, and to 3 percent in 1973.

The basic question is whether the immediate situation of recent years has come to have a permanent ratchet effect, in which (according to the Keynesian-Marxist scenario) wage pressure has pushed Britain to the wall, or (according to the monetarists) the wage increase has given the highly organized sector of workers large gains at the expense of the unorganized workers and the middle classes. In other words, can the historical "structural" problem that most observers agree is the heart of the British dilemma —the inadequacy of productive equipment, the antiquated industrial plant, the low investment and the extraordinarily low productivity of the British worker—be remedied?

In the past year, the Callaghan-Healey government, with the cooperation of the trade-union leadership, has limited wage increases substantially (the official guideline was a 6-percent wage increase from July 1976 to July 1977 and a 10-percent increase for the following year). The rate of inflation has decreased, the rate of unemployment has risen, and the standard of living has declined. This accommodation was due in part to the recognition by the trade-union leadership of the economic logic involved. Another part of the bargain was an agreement by the Labour government to enlarge union power—a promise on which the Callaghan government could not completely deliver.[7]

[7] One demand was that of Jack Jones and the Transport and General Workers Union for a parliamentary bill that would give that union jurisdiction over all transport within five miles of any docks. The bill failed when two Labor M.P.'s, John Mackintosh and Brian Walden, defied the Labor whip and voted against the government. A bill introduced by Michael Foot to create a closed shop in journalism has had a rough reception and will probably fail. The terms of reference of the Bullock Committee on Industrial Democracy were so framed that the Committee could not question the principle of worker participation in management, but had to propose a specific method for its implementation. The Bullock report, whose eloquent statement of the need for industrial democracy has more philosophic resonance than practical flexibility, was shot down by a combination of left-wing unions and the employers, as well as the subtle resistance of the Labour Minister, Edmund Dell, who had the subsequent responsibility of translating the recommendations into legislative language.

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Inevitably, the atmosphere of crisis has translated socioeconomic issues into ideological rhetoric, and strangely, instead of looking at social history to understand the peculiar features of British development, the publicists of both political parties have resorted to the stilted yet strident accusations that "socialism" and "capitalism" are the villains. For the Conservatives, the expansion of the welfare state, the high tax burdens, the lack of material incentives for entrepreneurs and managers, and the restrictive practices of labor all bespeak a socialist blight (created by the desire for "equality"), which, if removed, would allow the British economy to rebound.[8] For Labour, the economic difficulties of Britain are the result of international capitalism (e.g., the low-wages competition from other countries in such traditional British industries as textiles and shipbuilding), a desiccated capitalist class at home that refuses to refurbish its capital equipment because it lacks the technical skills to compete in the new high-technology fields, and a restrictive class structure that effectively bars individuals of talent from rising in the society.

That there is sufficient truth to *both* arguments is plain enough, for in a crucial respect each focuses on different time-periods and on different time scales. Yet to understand how the historical and structural features resulted in the twisted cords that have have hamstrung British society, one must identify the elements that have done the twisting—and these are not so evident.

The mortmain of Marx

The man who contributed most heavily to the mystification of British capitalism was its most ambitious chronicler, Karl Marx. In the *Communist Manifesto,* Marx drew a picture of the bourgeoisie that has informed (i.e., misinformed) every sociological cliché regarding the transformation of *Gemeinschaft* into *Gesellschaft,* of the close, personal ties of rural and village life into the soulless anonymity of modern society. With striking rhetorical flourishes, Marx wrote:

> The bourgeoisie has stripped of its halo every occupation hitherto honoured and looked up to with reverent awe. It has converted the

[8] For a summary of this argument, see *The Future That Doesn't Work: Social Democracy's Failures in Britain,* a volume to which several members of *The Public Interest* "crowd" have contributed; and the series in the *Daily Telegraph* (London, February 1977), written largely by a London School of Economics "mafia." Those who think that L.S.E. is "radical" because of the school's linger-

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> physician, the lawyer, the priest and the poet, the man of science, into its paid wage labourers.
>
> The bourgeoisie has torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation.
>
> The bourgeoisie cannot exist without constantly revolutionizing the instruments of production and thereby the relations of production, and with them the whole relations of society. . . . All fixed, fast, frozen relations, *with their train of ancient and venerable prejudices* and opinions, are swept away . . . [emphasis added].

More than two decades later, in *Capital,* Marx described the inevitable trajectory of capitalism toward its apocalyptic conclusion, when "the integument bursts asunder" and the structure of socialism, created within the social relations of capitalism, comes forth. As Marx wrote in his Preface to *Capital*:

> In this work I have to examine the capitalist mode of production, and the conditions of production and exchange corresponding to that mode. Up to the present time, their classic ground is England. That is the reason why England is used as the chief illustration in the development of my theoretical ideas. If, however, the German reader shrugs his shoulders at the condition of the English industrial and agricultural laborers, or in optimist fashion comforts himself with the thought that in Germany things are not nearly as bad, I must plainly tell him, *'De te fabula narratur!'*
>
> Intrinsically, it is not a question of the higher or lower degree of development of the social antagonisms that result from the natural laws of capitalist production. It is a question of these laws themselves, of these tendencies working with iron necessity toward inevitable results. *The country that is more developed industrially only shows, to the less developed, the image of its own future* [emphasis added].

But the singular fact is that while England was the *first* country to industrialize, it never became a *full* industrial nation. While England became a middle-class country, it never became a *bourgeois* society in the terms that Marx described (". . . ancient and venerable prejudices . . . swept away," indeed!). And although Marx wrote about the English industrial *economy* in *Capital,* in the 35 years he lived in Britain (and this is also true of Engels, who lived there for almost 50 years), he never looked out of his window at English *society.* And English society, with its thick social texture, never really approximated the model of the simplified "Bürgerlich Gesellschaft" that both Hegel and Marx pictured in their writings.

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ing attachments to the names of the Webbs or Harold Laski, are far out of touch with the present realities. The chief intellectual influence at L.S.E. remains Michael Oakeshott, a man who, in his thought and elegance, repeats all of the ambiguities and contradictions of Edmund Burke.

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The process of displacement

From 1790 to 1850, for reasons that are still not wholly clear, Britain was an open, changing society, in which "new men," merchants, entrepreneurs, and engineers (some of them foreign), as well as new techniques, were readily welcomed. Change was represented not by the dark, satanic textile mills, but by the extraordinary developments in engineering, which created an entire new infrastructure of railroads, bridges, and tunnels that opened up each part of the country to all the others. Much of this is symbolized by the career of Isambard Kingdom Brunel (the son of an immigrant French engineer, Marc Brunel, who began the tunnel under the Thames), and by the profusion of new inventions—printing machines, stocking knitters, paddle-wheels and screw propulsion for steamships, lift devices for shipyards, and the great network of railroads that splayed out of London in all directions—created by Brunel and many other engineers. It was an age of civil and mechanical engineering, apotheosized in the great Crystal Palace, Joseph Paxton's fairy-tale structure of iron and glass, the emblem of the first world's industrial fair in 1851, whose architectural influence can still be seen in the soaring train sheds at Paddington and Euston and other British railway stations.

Yet after 1870 the situation changed, and a process of displacement began—its consequences felt most acutely today—that cost Britain her industrial leadership and set the basic social patterns of British society that underlie the country's present dilemmas.

The initial displacement was technological. After 1870, a "second" industrial revolution took place whose impact and ramifications were vastly more extensive than the first. It was brought about by electricity: Machines made more efficient by the dynamo and generator created new modes of industrial production, changed the character of construction and the height of buildings (with high-speed elevators), enlarged the city and the suburbs (with electric tramways and trains), changed domestic life (with electric appliances), and transformed the social character of city life (with lighting). Equally important was the revolution in chemicals—in analins and dyes, in ammonia and nitrates (the chief reason Germany could prolong World War I, despite the British blockade of Chilean nitrates, was the development by Haber and Bosch of synthetic nitrates for explosives)—extending over the years to encompass almost the entire range of materials from synthetic textiles to plastic.

England never really plunged into this second industrial revolution, though much of the initial scientific and technological work

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was done there (a situation repeated in the development of radar and jet engines, and today in information technology).[9] Some of the reasons were readily understandable. When new technology replaced the old, the British, after having developed the old and invested in it, were then stuck with it (as in chemistry, when the superior Solvay process replaced the British-developed Leblanc alkali process). What was also important—and this became crucial in the application of technology—was the fact that the German companies (Bayer, Hoechst and BASF) were the first in the world to organize their own professional research-and-development laboratories, while the German government itself set up a number of technical universities to develop systematic research in scientific and technical fields. In the case of electronics, the British had a definite lead with the Marconi company, which was set up in London in 1897. But the displacement began when the United States Navy (with Franklin D. Roosevelt, then Assistant Secretary of the Navy, taking the initiative) encouraged Owen D. Young to buy out the American subsidiary of Marconi and to set up the powerful Radio Corporation of America, with David Sarnoff, from the old Marconi company, as the new manager and then president.

Yet these historical details, important as they are, beg a larger sociological question. In the case of Germany and the United States (though propaganda about free enterprise has obscured the fact), and later Japan, the advanced technological industries had strong state support. But technology, economics, and politics are not completely autonomous; they are embedded in a broader sociological context. And if we want to know why England failed to remain a strong industrial power, it is in that murkier context that we must search for the decisive reasons.

The character of society

In 1913, the Belgian historian Henri Pirenne wrote a classic essay, "The Stages in the Social History of Capitalism." The basic pattern of the 15th and 16th centuries, he pointed out, was for the children of freed serfs or runaway peasants, or ambitious artisans or merchants of the free cities, to amass a fortune either in trade or by expanding their workshops. Later, they or their children would convert their wealth into *status* by buying land or acquiring a petty title (through the marriage of their children or by patents

[9] For a discussion of information technology, and England's role, see my essay, "Teletext and Technology," in *Encounter* (June 1977).

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from a prince), and would then imitate the older, more moribund aristocracy, rather than continuing their disdained monetary pursuits.

This pattern seems to have been repeated in England in the latter part of the 19th century. The predominant fact about English social history is that the old aristocratic classes, particularly the Whig gentry, maintained their influence not through direct lineal descent, but by establishing a style of life and an *imago* for the successive economic elites who emerged in the expanding society.[10] From the 16th to the 19th centuries, the gentry ruled in an unbroken line. As squires, justices, and M.P.'s they governed the village, the county, and the country. "The great Whig country houses of the 18th and early 19th centuries are among the most conspicuous monuments of English history," writes Lord David Cecil in the opening lines of his biography of Melbourne, the classic figure of Whig politics. "Ornate and massive, with their pedimented porticoes, their spreading balustraded wings, they dominate the landscape round them with a magnificent self-assurance."

The central image was the idea of the gentleman. A gentleman is defined not by morals but by manners. Life should be free and pleasant, and a gentleman does not endure the drudgery required to become an expert in any one thing. A gentleman might be a sportsman, hunter, or farmer, but the focus of his world was the social life: the cultivation of friendship and pleasure. Men were assessed by their characters, and since they lived in a small social circle and shared common beliefs, politics was therefore not characterized by dry administrative detail but by the strength of personalities. In that distinctive English sense of the world, one did not "rule" (which is Continental) or make "deals" (which is American), one *governed.* R. H. Tawney, socialist that he was, once said: England does not have a State (which is a German abstraction), but a government. Government might by necessity involve accommodating new social groups (but not by deals or co-optation), but it was understood that one acted in a civil manner. As Ernest Barker wrote, the gentleman is the one who maintains the tradition of civility.

This heavy weight of status reinforced a second, equally decisive change in the character of British society after 1870, a change in

[10] As the neo-Marxist Tom Nairn has acknowledged, "If one seriously believes that the 'Entrepreneurial class' took over 19th century Britain, then the entire subsequent history of entrepreneurial backsliding and chronic industrial failure becomes incomprehensible."

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the character of British "imperialism."[11] Britain emerged as "banker" to the world, a dominant power in the underwriting of shipping and trade, insurance, merchant banking and factoring, and foreign investments (large portions of which were not in British colonies but in the rapidly industrializing nations, the developing countries of their day). British foreign investments underwrote a great part of the "infra-structures" of the United States, particularly the expansion of the railroads to the West, the city transport systems, and electric systems. Much of the foreign investment in Argentina at the turn of the century was British, again in railroads and infra-structure.

The world money market was centered in London, and the City became the symbol of England's prowess in the expansion of world trade following the "second industrial revolution," just as Manchester and the Midlands had been the symbol of Britain's power in the first industrial revolution. The "invisible earnings" from these activities were the basis of England's economic and political stability until World War II.

A career in the City bestowed a social status that manufacturing and industrial work could never command. Working in industry meant living in Manchester or Sheffield or Birmingham or Leeds, the "grimy" industrial towns (as well as an identification with manual objects, something a gentleman always disdained). Being in the City, on the other hand, meant working and living in or near the political and social and cultural center of English

[11] The first kind of imperialism, which antedates industrialism (and capitalism, of course), is colonization. This is the oldest form of expansion taken by any rising power, the classic pattern of empire. The modern roots of this kind of imperialism, particularly the British variety, have been explained best, I think, by Joseph Schumpeter, in *Imperialism and Social Classes*. Imperialism as colonization, Schumpeter pointed out, was against the ethos of the early capitalist class. For example, Manchester liberals like Bright and Cobden argued that imperialism was a barrier to free trade. On the economic side, imperialism was an aspect of mercantilism; sociologically, it reflected the old military ethos, with its drive toward conquest and domination. It is no accident, so to speak, that in his theory of social evolution, Herbert Spencer, the apostle of laissez-faire, contrasted military and industrial societies, and regarded military societies, as well as imperialism, as relics of the past.

In a surprisingly similar vein, so did Marx. In the last chapter of Volume I of *Capital*, "Mr. Wakefield and Colonialism," he pictured colonialism as a vestige of pre-capitalist forms of exploitation. If one looks at the evidence amassed by David Landes or Benjamin Cohen, it is striking not only that the "economic motive" for imperialism is invalid, but that in the final reckoning, the costs of the colonies to the imperial powers were greater than the net returns (though some individuals and companies may have benefited). The glories and grandeur of this kind of imperialism were political and psychological, not economic. (See Benjamin Cohen, *The Question of Imperialism*, Basic Books, 1973.)

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society. For these reasons, the City could draw upon the more talented persons in the society, in particular those from the social elites, in a way that manufacturing could not. For these reasons, too, there was little concern in the society for the industrial sector until after World War II, when the City itself began to lose its supremacy, and Britain became painfully aware, because of its shrinking stature in the world, that its industrial backwardness was putting it into greater jeopardy as the "third industrial revolution," of computers and communications, got under way.

A traditional society

Marx, following Hegel's description of English "civil society" in the *Philosophy of Right*, described it as atomistic and egotistic, a multitude of self-seeking individuals indifferent to custom and tradition and without civic sense or national allegiance. But in its social and political institutions, England has been a *traditional* society, managing an arrested industrial economy and, if it can be compared with anything at all, resembling Venice (even including some of its oligarchical features, such as political control by a small elite), in its prominence as a maritime and banking power. England has not been the great industrial-capitalist power whose integument would burst asunder for the socialist society to step forth. Just as Tocqueville remarked on the extraordinary degree of *continuity* in the nature of the centralized French administrative system "despite" the French Revolution, one is constantly struck in Britain by the weight and continuity, until recent years, of tradition and custom, the informal networks of elite groups, the strong emphasis on status distinctions, and the lingering elements of the hierarchical patterns of deference and precedence.

If there was a "social revolution" in England, it occurred after the 1870's, in the size and influence of the new administrative civil service—acting as an almost autonomous political force providing balance and direction to the polity—which was drawn largely from the upper-middle class. For that reason, the old image of the gentleman was renewed in the revivified English public schools, with their emphasis on training for "responsible leadership," and in the revitalization of Oxford and Cambridge, which before the 1870's were torpid institutions that still used a religious test in selecting their students. The late Victorian era not only provided England with political stability, but also renewed the system of elites by rebuilding the status system and the ladders of ascent into the

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leading positions. If it traditionally took three generations to make a gentleman, the sign of English resiliency is that after the new social revolution it took only one.

What is happening now is that the social and political institutions of English society, as well as the English economy, are being badly wrenched, and the disturbing question is whether British society can manage all these changes at the same time.

Four transformations

Since the end of the war, there have been four concurrent transformations in British life. The first has been the loss of the empire (as colonies) and of much direct foreign investment, at a rate that future historians will find staggering. Before World War II, 80 percent of the world's land mass, and 75 percent of the world's population, were under the direct political control of the Western powers. Great Britain alone ruled (in this case, it was ruling, not governing) 25 percent of the land mass of the world and 25 percent of the world's population. Since 1945, the de-colonizing process has created 35 new sovereign states with a total population of nearly a billion persons[12] (with India providing the largest bulk). At the same time, a large portion of the direct foreign investments, as in Argentina and other South American countries, were liquidated to help pay for World War II.

The second transformation, and the most manifest, has been the creation of the welfare state and the large expansion of public expenditures—the creation of a "social wage" distributed to the disadvantaged sections of the population through direct services or a complicated system of welfare benefits and transfer payments.

[12] There are still 16 British dependencies, most of them islands and most of them with small populations and few economic resources—which is why they are not already independent. Aside from Hong Kong, Rhodesia (which was never controlled by London), and the New Hebrides (run jointly with France), there remain a dozen territories totaling 500,000 inhabitants. Some of them remain British out of fear of quick absorption by neighbors: Belize, next to Guatemala; the Falkland islands, near Argentina; and Gibraltar, adjacent to Spain. These bits and pieces—the Solomons, Tuvalu, and Pitcairn in the Pacific; St. Helena, Ascension, and Tristan da Cunha in the Atlantic; and Montserrat, the Caymans, the British Virgins, and the Turk and Caicos Islands in the Caribbean—are a bundle of nagging and time-consuming problems to the Foreign Office. In the case of the Gilbert islands (Does anyone know where they are?), negotiations for independence have been complicated by the demand of the Banabans (No, they are not out of *Gulliver's Travels*) for separate independence. The last virtue of Bermuda (which may soon be independent) is that it provided an appropriate status symbol, in the post of its Governor General, for an ambassador who had to be removed from Washington.

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The third transformation, in part derivative of the second, has been the change in the British occupational structure, and the huge growth of a new social-service/professional class (in education and health services) and the creation of a new managerial class in both industry and the civil service.

The fourth transformation, in many ways the most striking of all, given the strong imprint of Victorian mores on British society, has been the ardent embrace by the media and "telly" worlds of mass society; the eruption of a swinging, trendy, new youth and bohemian pop culture, symbolized by the Beatles, Twiggy, Carnaby Street, King's Road, Mick Jagger, and the pop paintings of David Hockney; and the conversion of the middle classes to a new hedonism and of the new working-class and lower-middle-class segments of society to pornotopia (to use Steven Marcus's inspired term).

In retrospect, it is significant that these four transformations took place regardless of the party in power; *all* were encouraged (though perhaps at different tempos) by both Labour and Conservative governments. To assume that developments in Britain have been shaped, as some new ideologues would have it, by the forces of "social democracy" (and that the "failure" of Britain is entirely due to the baneful influence of the Labour Party, or Socialism or Marxism) is to betray a shocking ignorance of history and of the structural contexts—the changes in technology and values—that have transformed *all* of Western society. The four transformations I enumerated have occurred varyingly in *every* Western nation—the Netherlands (which lost an empire and gained a revolting pornotopia), Germany (where occupational changes similar to Britain's have taken place, though within the context of a powerful industrial sector), France (which also lost an empire, but modernized its industry and became a consumer society), Sweden (which led the way in welfare expenditures and, until recently, was the most successful nation in managing its economy and export strategy), Italy (lagging behind the other countries because of a weaker base, yet "catching up" rapidly in all areas), and almost every other country in Europe, except the Eastern "socialist" nations, which would like to escape their colonial status within the Soviet empire, and have tried in various ways to bring about the other three changes.

In England, as in every country, the particular form (and deformation) of change has been shaped by the historical character of the social structure. To turn Marx on his head, England never completed its bourgeois revolution or its industrial revolution. Today it teeters, sociologically, between a status system that still has its compul-

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sions for the upper class and for large portions of the middle classes (since social and even economic and political ascent must still take place within older status institutions like the public schools) and a consumer society whose chief advocate is the working class, since only in the last 20 years have workers begun to acquire some of the coveted material goods. The present militancy of the trade unions (though ideologically colored by a strong left-wing component in the Trade Union Council leadership) is prompted largely by the desire to preserve the recent gains allowing working-class families to adopt the flashy new life styles (including automobiles, a suburban home, holidays abroad) that are glorified each week in the Sunday supplements.

Economically, any British government will have to choose between modernizing an antiquated industrial plant in order to compete with Germany, Sweden, and Italy (which until recently were forging ahead individually), and making the leap to the newer post-industrial developments by expanding banking, insurance, and trade services (which have been British strengths, although the City has been losing ground to the aggressive American, German, and Japanese banks), or plunging blindly into the newer, and still uncertain, fields of high technology, particularly telecommunications, where the British have made some effort to open new ground. The transformations of English society (resulting from the tension between the status system and the egalitarianism challenging it, between the conflicting demands of welfare-state services and hedonism) and the choices between refurbishing industrial plants or abandoning them for a service and high-technology economy are the relevant factors in understanding the salient issues that Britain must face in the next two decades.[13]

[13] As Tocqueville pointed out in his classic study of the disintegration of a regime, "even after it had ceased to be a political institution, the feudal system remained basic to the economic organization of France. In this restricted form it was far more hated than in the heyday of feudalism, and we are fully justified in saying that the very destruction of some of the institutions of the Middle Ages made those that survived seem all the more detestable." (See *The Old Regime and the French Revolution*, Part Two, Section One.)

Although analogies can be misleading, and there may be no "general laws" of the disintegration of regimes, the growing disjunction in all Western societies between the underlying capitalist economic system and the regulative political system creates a set of tensions that make it easier for organized political forces, such as the Communist parties and trade unions of Europe, to move to power, even with the shrinking economic base.

The fundamental structural transformation, as I have argued, is the creation of a "post-industrial," or knowledge-based, technological society. How this would be managed by a Socialist-Communist coalition, whose economic support is a shrinking working class, poses some fascinating problems for political speculation.

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Can Britain modernize its economy?

If one predicts disaster long enough, it is probably bound to happen. Some time ago, an eminent political philosopher[14] made an interesting prediction about the fate of Britain:

> The time is rapidly approaching when a thorough examination of England's economic position will impose itself as an irresistible national necessity. The working of the industrial system of this country, impossible without a constant and rapid extension of production, and therefore of markets, is coming to a dead stop. Free trade has exhausted its resources; even Manchester doubts this its quondam economic gospel. Foreign industry, rapidly developing, stares English production in the face everywhere, not only in protected, but also in neutral markets, and even on this side of the Channel.

The writer was Frederick Engels, and the passage occurs in his Preface to the first English translation of *Capital*, in November 1886. These predictions have been repeated periodically in the past 90 years, and incessantly in the last five. Yet the English have long lived by the sentiment Flanders and Swann expressed in their witty "Song of Patriotic Prejudice":

> The English, the English, the English are best
> I wouldn't give tuppence for all of the rest. . . .

They point to a significant national difference:

> And all the world over each nation's the same,
> They've simply no notion of playing the game.
> They argue with umpires, they cheer when they've won;
> And they practice beforehand, which ruins the fun.

And since the English God is a sportsman, he has given them another chance with North Sea oil. Since the flows have exceeded 1976 estimates, North Sea oil now supplies over half of Britain's oil requirements. It has moved the balance of payments into surplus, and by the 1980's, that balance could be boosted by about £5.500 billion (at 1977 prices).

This surplus provides Great Britain with a number of alterna-

[14] I describe him thus because about two blocks away from where my family and I lived, on the same street, Regent's Park Road, was a small house bearing one of the lovely round blue Wedgwood plaques the British like to use to commemorate the residences of famous persons. The plaque read: "Frederick Engels, Political Philosopher, Lived Here from 1873 to 1893." Quite neat! What else should the plaque have said—"Stalwart Fighter for the Revolution," or "Karl Marx's Comrade-in Arms," or "Enemy of British Capitalism"? I suppose that "after the Revolution" the plaque may be changed. But I think not. Given the British talent for tradition and understatement, it will probably remain unchanged. And I suppose that a stray passerby might still wonder who this "political philosopher" was.

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natives. It could finance the early repayment of Britain's external debt—which now amounts to £13.500 billion, and costs the country about £1.300 billion a year in debt charges. It could allow the pound to float upwards—which the monetarists advocate as a means of minimizing inflation (and because they fear that a balance-of-payments surplus would bring about pressure for an expansion of the money supply). The surplus could be used, as the British Left is demanding, to restore public-sector expenditure cuts. Or it could be used to reduce taxes, a proposal the Keynesians are offering on the ground that British economic capacity is now underutilized, and increased demand would thereby spur a higher growth rate. Or it could be used for long-range investment to modernize the antiquated sections of British industry and make British manufacturing more competitive in world markets.

Which of these alternatives will be chosen depends, of course, on the party in power. The Tories would probably go part way with the monetarist argument: They would be willing to reduce taxes in order to encourage investment and managerial rewards, but would reject any direct government investment in industry. The Labour Party, if it retains power, would prefer some scheme of tax reductions to increase domestic demand and direct investment in industry. A sizable wage explosion would blow many of these plans to smithereens. One cannot predict exactly what will happen. But it is possible to pursue the logic of two major choices—an attempt to modernize the industrial plant, or to move into a post-industrial development along with high technology—within the *structural constraints* that limit the range of choice.[15] For what any

[15] Ten years ago, the Labour government was loudly trumpeting its desire to develop high technology as a major area of expansion, and Anthony Wedgwood Benn became Minister of Technology to speed up such developments. But Britain's record in this sphere has been dismal. Not that the theory was wrong—it wasn't—but simply that British economic life, particularly the lack of venture capital and of engineers willing to take risks, stifled such efforts. As *The Economist* (July 23, 1977) pointed out, only 93 technological companies (out of a total nobody knows) are still alive in Britain—as against, for example, the 800 companies in "Silicon Valley," south of San Francisco. The 40 main technology-based companies in the United States have an annual turnover approaching $10 billion and 335,000 employees. The 93 British companies can boast a total turnover of $340 million among them. Ten years ago, a British firm, Computer Technology, was founded at the same time as Data General to make mini-computers. Computer Technology has an annual turnover of $7 million, Data General $161 million, and Digital Equipment $736 million. The problem was not one of competence, but the unwillingness of British institutions to commit the capital.

It is instructive to read Norman MacRae's charming fantasy, "The Coming Entrepreneurial Revolution: A Survey," published in *The Economist*. In a lovely projection, he describes the possibilities of the new devices in computing

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sociologist, mindful of historical contexts, can do is not predict the future but identify the alternative possibilities within the existing institutional arrangements.

Industrial regeneration

The Labour Party (Callaghan-Healey) strategy is the "regeneration of British industry" over a 10-year period, using the North Sea oil windfall. The government's public-expenditure White Paper, published in January 1977, proposes a *reduction* in public-sector expenditures from 46 percent in 1975-76 to 42 percent in 1978-79, and in the government's own direct claims on goods and services (central and local) from 26.5 percent of gross domestic product at market prices in 1975-76 to 23 percent in 1978-79. Healey's White Paper points out that its spending is in line with the spending of other European countries, and proposes both a relative and an absolute decline.

The trouble with the argument about "industrial regeneration" is that it confuses the problem of modernization with the need for more investment. In actual fact, the volume of British investment has not been lower than it was in previous times. Even in industry, as the *Census of Production, 1975 Provisional Results* indicates, capital expenditure in British industry between 1974 and 1975 rose by £535 to £3.715 million, while the rate of investment, as expressed in annual capital expenditures per capita, has varied little in real terms since 1968.[16]

The real difficulty is not the actual volume of investment but its quality—i.e., the extent to which it can be used productively. In many areas, the productivity of British industry is notoriously low. Lord Ryder, in his report on British Leyland (the nationalized British automobile company that produces Minis, Rovers, Triumphs, and

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and telecommunications, and how they can completely transform the business corporation and encourage small and daring entrepreneurs. It may occur somewhere, sometime, but not conceivably in Britain. In any case, since MacRae's essay appeared in the December 25, 1976, issue of *The Economist*, perhaps it was just a Christmas tale.

[16] In the more direct sense, there exist two different problems. One is the fact that the profit margins of British firms have been squeezed because of the sharply increased cost of raw materials and the large wage increases. (In 1975, the rise in manufacturing-capital investment was 17 percent, the increase in net output 14 percent, and the increase in wages 24 percent.) The result has been a sharp decline in the rate of return on capital—the situation that, as I pointed out earlier, is regarded by Marxist economists like Sutcliffe and Glyn as "proving" Marx's prognostications that the decline in the rate of profit will bring about the demise of capitalism.

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Jaguars), revealed that in 1973, the company produced only 5.9 vehicles and British Ford 8.5 vehicles per man-year, compared with 10.1 for Ford (Germany), 11.6 for Volkswagen, and 14.5 for Renault. A later report by the government's Central Policy Review Staff (the "think tank" established by Heath and initially headed by the physicist Lord Rothschild), seeking the reasons for this difference, reported that "production facilities including capital equipment, age of equipment, and plant layout were comparable. In the comparison of identical models most of the capital equipment was identical." As the report concluded: "Heavy capital expenditure simply increases production costs unless manning levels and work practices change. . . . Fundamentally these problems reflect attitudes of management and labour towards each other, towards productivity, towards work." [17]

The major problem of British industry is "over-manning," the large number of superfluous workers and staff who add costs to production and services with no benefit to productivity. The Parliamentary Select Committee on Nationalized Industries (headed by Russell Kerr, a Labour M.P.), issued a report in May 1977 that scathingly indicted management and workers in the nationalized British Rail. While British Rail suggested a manpower reduction by 1981 of 40,000 persons from the present work force of 183,000, independent consultants suggested a reduction of 54,000-60,000. The Committee suggested cuts of 25 percent in staff, with no further decrease in passenger railway service (hitherto the chief means of bringing down costs), and argued that efficiency could still be increased. (For example, the average driving time in an eight-hour shift is three and a half hours, compared with five hours on the Dutch railways.)

A study of Bacon and Eltis, *The Age of US and UK Machinery,* a detailed comparison of machine tools in the two countries, found that "those in Britain were no older on average than those in the United States, that Britain had expanded investment in the most up-to-date machines as fast as the United States. . . . But each American worker produced between two and three times as much as each

[17] It is easy to blame British unions entirely for low productivity, as most foreign and many British observers do, especially because of strikes. But strikes are "visible" because of media attention; poor management is not. In actual fact, the number of man-days lost in Britain because of strikes is *not* higher than in other industrial countries, including the United States. Indeed, a number of foreign firms, principally Japanese and Swedish, have been building plants in Britain because labor costs are lower than in their own countries. They argue that since they can provide better management, such investment is worthwhile.

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British worker." Since Bacon and Eltis were dealing primarily with statistical comparisons, they concluded that Britain used more men to work the same machines and ran them fewer hours per week. "If Britain had 50 percent more men per machine, and got one third less output from each machine, the lower productivity level would be fully explained." There is little doubt that there is a considerable degree of over-manning in the British machine-tool industry, yet conversations with engineering observers also indicated what statistics alone do not reveal—the extent of poor management practices in organizing the work.

Economic rationality

Though it is generally agreed that over-manning is a serious problem, it is questionable whether the government, Conservative or Labour, could resist political pressures against economic rationality. In 1968, the Transport Act proposed to make the railways financially self-supporting. Yet, as the economists Pryke and Dodgson, of Liverpool University, pointed out in *The Rail Problem*, British Rail cynically concluded, after the Transport Act was passed, that it did not have to do much to cut costs or trim investment, but should instead spend as much money as possible because the government would always bail it out. British Rail has been receiving a subsidy of about £500 million per year. When the government nationalized British Steel, and the new corporation sought to close down an inefficient plant in Wales, it was forced to reverse itself because the government feared the political consequences of the resulting unemployment. (Yet British Leyland, a government company also under pressure to become more efficient, reported to a House of Commons committee in March 1977 that its steel imports from abroad jumped from 63 percent of its total requirement to 80 percent, because British Steel was unable to meet its schedules. Thus market forces within compound the difficulties of political "rationality" without.)[18]

[18] The problem of over-manning can be seen quite clearly in the shipbuilding industry. World orders for new ships are down to one third of their 1974 peak. Yet the nationalized British Shipbuilders, a state-owned corporation, refuses to contemplate any planned contraction. In 1976, the British government spent almost £65 million to subsidize shipyard construction (about 60 percent of its capacity). This year, the figure will rise to £100 million. Parliament is considering a bill to provide a "redundancy payment" scheme for shipyard workers, but the trade unions only want it carried out on a voluntary basis. Since union leaders sit on the board of the corporation, they have a veto power.

British Steel, also nationalized, was reported as losing $500 million last year

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That is the problem. Any effective modernization of British industry must, like the rationalization movement of the 1920's, create wholesale displacements in the society. Unlike the United States, where the size and scale of the society allow for the "decay" of Appalachia, or for the decline of the Northeast to be balanced by the growth of the Southwest, Britain cannot manage these wholesale dislocations on its own.

An industrial strategy also inevitably runs up against larger international forces that may increasingly put Great Britain at a disadvantage. Its five principal trading partners are the United States, Germany, Holland, France, and Belgium-Luxembourg. There are few comparative advantages to be gained over these partners. In fact, within 27 manufacturing industries in Britain, the market penetration by foreign competition has steadily increased. In 14 of these industries, the penetration of the British market has been more than 25 percent. In computers, it is 68 percent; in construction and earth-moving equipment it is 59 percent (construction is the third largest industry, in amount of employment, in Britain); in scientific and industrial instruments it is 43 percent.[19]

In the long run, the major problem is the altered international division of labor being demanded by the newly developing countries (counting Japan as their leader and including Brazil, Mexico, Korea, Iran, South Africa, Israel, Algeria), which has meant that there is less and less of a future for the United Kingdom in the older kind of manufacturing in which it was predominant—textiles, shipbuilding, and even automobiles. Ten years ago, Britain was among the top five steel-producing countries; by 1976 Britain had

in the *Fortune* report (July 1977) on the 500 largest industrials outside of the United States. A parliamentary report at the end of the year found that the actual figure was closer to one billion dollars for the year.

Clearly any society has to balance the problem of caring for displaced or redundant workers—but at what cost to the efficiency of the industry and the tax burdens to the rest of the society? The obvious question—for steel, shipbuilding, rail, etc.—is in what ways the billions of dollars of subsidy can be spent more productively.

[19] Where Britain had previously been prominent, as in machine-building and in equipment industries such as textile machinery, it now tends more and more to compete in the simpler, low "value-added" areas (i.e., those with less technically complex machines), which has increasingly put the country at a disadvantage. As Christopher Freedman and Austen Albu argued in an important article in the *Financial Times* (July 16, 1976), the sale of cheap goods does not contribute to a higher standard of living if these goods are now "value-added." An OECD study of metal-working machine-tool exports in nine European countries found that Switzerland was at the top, at a value per ton of $6,570, and the United Kingdom next to the bottom, at $1,990. In effect, Britain has been losing out because it is not producing, or is unable to produce, the more complicated and precise machine tools.

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been ousted from that ranking by Italy. In automobile production, Britain was among the top five in 1966, only to be replaced a decade later by Japan, which ranked second in 1976, although 10 years earlier it had not even been among the top five. In shipbuilding, Britain slipped from second place to fifth (and probably would be out of the ranking altogether if the Soviet Union made the amount of its ship production public, which it prefers not to do).

What is to be done? One can, as the government hopes to do with its present policy, increase exports by maintaining the level of the pound (but then other countries like Sweden go ahead and devalue their currency) and by "modernizing" industries, which requires not so much major investment as money to pay for major dislocations and displacements.[20] Alternatively, one can retreat, as the "new Cambridge economists" and the British Left propose, to a siege economy, in which imports are controlled in the hope that there will be domestic capacity to take up the slack. But this means higher prices (if cheaper competitive goods are kept out) and retaliation from trading partners. A third way is to reduce slowly the traditional manufacturing sector, and to try to fortify and expand what has been the secret heart of Britain's strength in the past hundred years (at least until recently)—its international banking and financial role, the source of its "invisible earnings." This means

[20] One tends to forget that in the postwar decades, the United States and Western Europe experienced one of the most extensive economic displacements of persons in history—the movement out of agriculture and into industry and services. In the United States from 1945 to 1970, almost 25 million people left the farms because of the huge rise in agricultural productivity, a migration that reached almost a million and a half per year at its peak. One of the results was the virtual elimination of sharecropping, which had been a serious social problem in America before the war. In Europe, the E.E.E. policy under Sicco Mansholt deliberately tried to shrink the agricultural sector. The following figures from the 1977 *Interim Report on the Overall Economic Perspective* of the European Economic Community show the percentage of the labor force in agriculture, by country:

	1953	1973
France	28.2%	11.3%
West Germany	20.5	7.8
Italy	37.0	15.4
Sweden	22.4	7.2
Denmark	23.8	7.8
Belgium	11.0	3.9

There are other crucial differences between agricultural and industrial displacement: Farmers were in the main unorganized, while the unions are deeply entrenched; and the earlier changes took place during a large economic boom in Europe, when there was a shortage of labor for industry and services, while the necessary industrial displacements are occurring during a time of slow economic growth and high unemployment.

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that Britain would become a service economy for the rest of the world—if it can. The other large area of expansion, high technology, is beyond Great Britain's grasp.

Invisible earnings

If one looks ahead to the next 20 years, it is clear that a major area of economic activity will be expanding world trade. From 1948 to 1969, world trade increased at an *annual* rate of 7.5 percent a year. (World manufacturing production increased at about 6 percent a year.) Even though the rate of manufacturing has declined in the past five years, particularly in the advanced industrial societies, the rate of world trade has not.

There are two obvious reasons. One is the entry of more and more nations into the world economy. And even if a sizable portion of the West's manufacturing were to move to the developing countries, the total volume of trade would increase. And with the expansion of and hunger for materials, their exploration will require larger financing and trade. The second is the demographic balance of the world. In Asia, Africa, and Latin America, the proportion of young people under 17 in each country (except for Argentina) accounts for between 40 and 50 percent of the population. In all Western countries (and in Japan and the European parts of the Soviet Union as well), the proportion of persons under 17 is between 20 and 25 percent, because of the declining birth rate. The tidal wave of youth entering the labor market and, to a lesser extent, the universities, poses a major economic problem (and a source of political instability). But under favorable political and economic conditions, youth will provide an enormous source of productive labor and a huge new market.

As Samuel Brittain has observed, in Great Britain there has always existed a mercantilist obsession with visible trade balances and a physiocratic distaste for the service sector (which is reflected in Adam Smith's and consequently in Karl Marx's distinction between productive and unproductive labor). But London has long been, and still remains, a great international banking center, and a world center for insurance, shipping, commodities, and trading.[21] The ingenuity of London banking—particularly, the firm of S. G. Warburg, founded 39 years ago by Sir Siegmund Warburg, a ref-

[21] In 1976, the City increased Britain's net invisible (i.e., overseas) earnings by 31 percent to £1.54 billion. This included insurance, banking, commodity trading, and brokerage, and was nearly double the £807-million surplus in 1974.

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ugee from Nazi Germany—created the $400-billion Eurocurrency market, which last year moved a record $14 billion in publicly offered bonds, another $14 billion in privately placed bonds, and $26 billion in medium-term loans put together by bank syndicates.

The City has two problems. One is the competition from foreign banks, particularly the German, Swiss, Japanese, and American. Some 300 foreign banks now have major branches in London, and compete actively in the Eurocurrency market. In the early 1960's, British houses managed more than half the issues sold, but that percentage has shrunk. Five years ago, British banks participated in 60 percent of all Eurobond issues; today the share is down to 40 percent. The second is the City's failure to keep up with the developments in telecommunications and computers that are transforming international exchange and transactions. That factor alone may cost Britain dearly. Last year, the Callaghan government appointed a commission of inquiry into the conditions of the City, headed by Harold Wilson. What it finds and recommends may be crucial for the economic future of Britain.

"Breathing space"

Much of this discussion may turn out to be irrelevant, less because of any inaccuracy in diagnosing the parlous state of Britain, than because the major decisions affecting the country are less and less within her control. Great Britain, like every other advanced industrial society, is now tied inextricably to the world economy, but the lack of adjusting mechanisms within that world economy hampers each nation's ability to cope with the others' problems. Each year, the OPEC countries have been and will be levying a $100 billion "tax" (or "redistribution," from the Third World's point of view) on the other economies. The stronger industrial nations, such as Germany and Japan, have been running a trade surplus of $10 to $15 billion, and are unwilling to scale down those earnings. At a minimum, the rest of the world thus has to share a $50-billion yearly burden, and there are no mechanisms (other than gentle pressures from the United States, which has been running its own $24-billion trade deficit; how long can this go on?) for sharing these burdens, or for forcing the stronger economies to help the weaker ones.[22]

For the next decade, Britain is somewhat better off than some

[22] For an extended analysis of this problem, see my essay, "The Future World Disorders: Structural Contexts for Crises," *Foreign Policy* (Summer 1977).

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of the other industrial nations, since the price umbrella of oil makes its North Sea position all the stronger. Yet a prolonged stagnation of the world economy would weaken Britain's option of moving ahead to emphasize trade and financial services. These dilemmas make a governmental decision on Britain's future economic course very difficult. And without a resolution of its economic difficulties, all the other problems of British society become even more unmanageable. Like an aging dowager, Britain can be indifferent to the relative advance of her younger and more aggressive rivals. But she cannot be indifferent to an absolute decline in her own standard of living. And that is the dismaying prospect she faces if the next decade's "breathing space" does not remedy her aging economy.

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How much should we spend to save a life?

STEVEN E. RHOADS

In the last decade or so, Uncle Sam has become increasingly interested in keeping us alive. Separate agencies have been established to deal with traffic, consumer, environmental, and occupational safety. Medicare and Medicaid have come into being. And there have been substantial increases in appropriations to reduce maladies such as kidney failure, cancer, and sickle-cell anemia.

Yet as the Federal government has become more involved with lifesaving programs, both academics and interest groups have been quick to point out many areas where still more money could save still more lives. If the government has an obligation to provide dialysis to kidney patients, why does it not have a similar obligation to hemophiliacs who need a continuous supply of costly blood, or to heart patients who need arterial shunts? Moreover, why should the government spend almost $30,000 per year to keep a kidney patient alive at a dialysis center and yet not pay for mobile cardiac units that can provide an additional life-year for as little as $1,765? And what about the old standbys—the F.B.I., the interstate highway system, the Defense Department, and local police and fire departments? If additional money were spent for them, additional lives could surely be saved.

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But many wonder if we are not already spending too much. Last year, Dr. Robert Grossman, acting director of the dialysis program at the Hospital of the University of Pennsylvania, took note of the costs of the program ($500 million in 1976 and more than $1.9 billion by 1982):

> I can see us in the next few years having programs for people with heart disease, people with cancer, and it's something we can't afford. I don't even know if we can afford this. The question is, how much is a life worth? We're seeing a resurgence of polio (and other diseases) because children are not getting their shots. Can we afford this at a time when we could be spending the money on basic health care to keep the general population healthy?

In 1974, President Nixon urged a reevaluation of the "trade-off" between economic growth and increasing safety, and President Ford later called for an assessment of safety regulations "in terms of the cost added and benefits gained."

Just as the anti-quantifiers always warned, the cost-benefit analysts have tired of valuing dams and are now valuing lives. Their work is not often publicized, but it is affecting government decisions. It is also causing quite a stir. Senator Harrison Williams thought President Nixon's call for trade-offs "unconscionable." A United Steelworkers representative thought it "despicable" when the Council on Wage and Price Stability questioned coke-fume standards costing at least $4.5 million per worker saved. And when the report of the Artificial Heart Assessment Panel made some vague statements about the need to seek "information on the value weights that would be assigned to various advantages and disadvantages by the individuals to whom they accrue," vigorous dissents were filed by the "ethicist," sociologist, and psychiatrist on the panel—all of whom thought it "neither possible nor useful to attempt to quantify advantages and disadvantages in a manner that will contribute meaningfully and properly to public-policy decision making in a democratic society." From the other direction, the economist on the panel and a supporter expressed regret that they had not had more time to explain the analytic framework that some panel members had found offensive, and they criticized the report itself for failing to make sufficient use of the economic calculus for gains and losses.

Can't we think sensibly about lifesaving programs without trying to put a dollar value on human life? One possibility would be to do cost-effectiveness analyses. We could estimate how many lives could be saved at various levels of expenditure and then leave

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it up to the responsible political officials to determine how much we could afford, given the other demands on the budget. Most economists, however, think we should try to go further. After all, if we have a successful cost-effectiveness analysis in hand, we know that if we had spent additional dollars, we could have saved additional lives. By not spending the money, we are saying that saving those lives is not worth that amount. We are implicitly putting a value on lives—so why not determine whether our implicit value is reasonable? Furthermore, if the inevitable valuing process is done implicitly by each agency, there are likely to be indefensible differences in the values used throughout the government. The central budget staff could prevent this by sending out a memorandum announcing that "X is as high as the government will go to save a life in 1978." But in a sense "X" then becomes society's value for life. Besides, it is not clear that all differences in life valuations are indefensible. Differences depending on age and lingering disabilities might be relevant. As Richard Zeckhauser and Donald Shepard have suggested, these could be compensated for by comparing the costs of a program with the number of additional "quality-adjusted life-years" it produces. But perhaps there are other relevant differences. For example, should the government spend more per "quality-adjusted life-year" on defense or air travel, where the individual has less control over his safety, than it spends on highway safety or lung cancer, where by wearing seat belts or abstaining from smoking individuals could do much to reduce their risks without government spending? A persuasive way of valuing lifesaving programs could be of real assistance.[1]

Though there is considerable agreement among economists about the need to calculate a value for life, there is no consensus as to how it should be done. There are two fundamentally different general approaches: One focuses on the "discounted future earnings" of potential decedents, while the other tries to determine the willingness of individuals to pay for risk reduction. The advocates of the "willingness-to-pay" (WTP) approach argue, with considerable justification, that only their methodology can correctly be traced to the normative branch of economics. There have, however, been few attempts to apply this methodology, and all the dozens of

[1] Although the economic approaches to be discussed are far and away the most often used, occasionally one sees a value of life based on court awards to next of kin in the wake of accidents. All such awards compensate the victim's family for their losses, but include no compensation for the loss to the victim himself. A similar problem exists in using the face value of life insurance as a value for life.

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government studies that place a value on life use a variant of the discounted-future-earnings (DFE) approach.

Discounted future earnings

The basic DFE approach takes the average age at which death of people killed by a certain type of disease or accident occurs and computes what their expected future income would have been if they had lived a normal term. This future income is discounted, since a dollar received today can be invested, and is thus worth more than a dollar received in future years. The "present-value" figure that results is taken as the value of life for the average member of the group in question. Though the procedure is simple enough, the actual figures can range from under $100,000 to over $400,000. Significant differences result from the use of different discount rates, or from studying different groups. (Air travelers make more money than motorists, and the value of their lives is consequently higher.) However, the highest values are explained mainly by a decision of many economists to use the DFE amount only as a base figure to which other values are added. And there are also economists who use DFE as a base from which individual consumption is subtracted.

The most widely used value-of-life approach is still the straight DFE method, adopted in Department of Health, Education, and Welfare studies in the 1960's, and used in Federal Aviation Administration and Office of Science and Technology studies within the last few years. When I interviewed at the F.A.A., I found that many analysts were routinely plugging a DFE figure into their studies. One said, "I just followed what X did in the Y study. Presumably the figure is all right. Others seem to be using it." Analysts who had given the matter more thought defended DFE as an indicator of "output loss" from early death: "The individual's marginal product is measured by his earnings. That's his contribution to G.N.P., his contribution to the market place."

But of what interest is "contribution to G.N.P." or "output loss" if one wants to determine an appropriate value of life? Does society's welfare increase whenever more people earn more money? Those who support Zero Population Growth and limitations on immigration do not think so. Moreover, if the rest of society is concerned about economic output, it is concerned only with what the potential decedent would earn *less* what he would consume.

Proponents of the basic DFE approach respond by arguing that the potential decedent is himself a part of society, and his consump-

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tion should be seen as an end in itself. However, if a DFE figure is also meant to reflect the utility loss to the individual, it is too small to use as a societal value for life. An economist must presume that an individual experiences pleasure from *all* uses of his income, whether he spends it on himself, his wife, or his alma mater. But if the whole of DFE is needed to represent the decedent's utility loss, how can it also incorporate the losses of wife, family, and alma mater?

This seems to be the objection of the school that adds other values such as family-income loss and employer restaffing costs to a DFE base. Gary Fromm started this approach, and it is still being used by the National Highway Traffic Safety Administration in recent analyses. It does about as well as can be done if one begins with DFE. There is, however, no economic justification for beginning in that way.

In his work on F.A.A. problems, Fromm indicates his belief in the fundamental importance of consumer sovereignty and in the resulting obligation of the F.A.A. to base its activities on an estimate of consumers' willingness to pay for F.A.A. services. Yet by using a modified version of DFE, Fromm has left himself open to the charge that he has ignored those crucial principles of welfare economics. By his own admission, Fromm's modified DFE approach ignores all costs of fear of the risk of death, as well as the non-monetary suffering that death causes. More importantly, DFE does not in fact reflect the individual's utility loss from death. We cannot assume that a man who will earn 10 times more than another values his life 10 times more. Very rich men can be near suicide, and there are life-loving hobos.

DFE figures often yield bizarre guideposts for policy. For example, since men on the average earn more than women, DFE figures show men's lives to be of far more value than women's. Critics of the DFE approach have had great fun asking if there really are husbands and wives in their 30's who would want to pay twice as much to reduce the risk of death for the husband as for the wife, or if families would pay $60,000 to save a baby boy but only $35,000 to save a baby girl.[2]

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[2] Matters might be even worse had not Dorothy Rice, an early friend of women's liberation, tried to ameliorate this problem by placing a value on a housewife's labor. Rice decided to value such labor at the weekly wage level of domestic servants, though she realized that this was still not altogether fair since "it makes no allowance for the housewife's longer work week." However, women bounce back in later life: Those over 65 are still valued at a good housekeeper's wages, while retired men's lives are worth nothing at all!

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From the point of view of discounted earnings, the most valuable people in society are young adult white males. All that feeding and education for no return is at last completed, and society can look forward to 40 to 50 years of good productive output. This view of societal preferences was dramatically illustrated when HEW conducted cost-benefit analyses on a number of programs in the mid-1960's. Studies suggested that a media campaign encouraging the wearing of motorcycle helmets might save a life for $3,000. A cervix-cancer program could do almost as well—$3,520 per life saved. Yet DFE figures prevented the programs from being close competitors. The benefit-cost ratio for the motorcycle program was 55.6, while for the cervix-cancer program it was only 8.9.

Of course, DFE proponents never claimed that they were capturing a person's full worth with their figures. The earnings numbers were a "floor" value, and costs such as pain and grief were not taken into account. Still, these brief disclaimers did not affect the benefit-cost ratios, and were quickly forgotten. Indeed, they almost had to be because the whole point of valuing life was to go beyond cost-effectiveness analysis—which by itself could tell only which programs would save lives at least cost—to use cost-benefit analysis to indicate society's preferences for saving lives in different population groups and to determine how much might justifiably be spent to save people in each of these groups. Ironically, within a year of two of the time the analysts responsible for the HEW studies were arguing that it was "likely" that the "additional (intangible) considerations argue in the same direction" as the sex-and-age-discriminating earnings benefits, Congress was passing Medicare for the elderly, and the Johnson Administration was making a child-and-maternal-health program its highest health-care priority.

The DFE method for valuing lives has probably done as much as anything to convince others that cost-benefit economists are presumptuous and wedded to a crude materialism. Many believe that DFE represents the sole method that economists recommend to deal with the value-of-life question. It is easy to see why: The victory of the DFE approach within the government has been so complete that a 1974 study by the General Accounting Office was content to note somberly the differences in the DFE figures used by the National Highway Traffic Safety Administration, the Office of Science and Technology, and the National Safety Council, suggesting only that the Senate Committee on Commerce have the Safety Administration recheck its data base, assumptions, and discount rate. Outside the government, benefit-cost studies principally concerned with

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other matters often latch onto a DFE figure for the value of life. And, perhaps most important of all, in her influential *Systematic Thinking for Social Action*, Alice Rivlin, who should know better, mentions only DFE approaches to buttress her argument that cost-benefit analysis is not likely to be of much use in social-policy areas.

Willingness to pay

Almost all economists would agree with Ezra Mishan's view that in normative economics "the worth or value of a thing is determined simply by what a person is willing to pay for it." Unlike their DFE counterparts, those who subscribe to the "willingness-to-pay" approach take this precept very seriously. The WTP school does not focus on how much people would pay to avoid certain death, for in such a situation most would pay almost all they could get their hands on, and thus the WTP figure would reveal more about absolute wealth than about the relative preference for a particular good or service.

WTP proponents point out, however, that most safety and health programs lower the risk of death, but we do not know *who* would have died without the program. In the typical case, the government must decide if it should spend money to make a small probability of death even smaller for a large number of individuals. In such cases, the sum of the willingness to pay for reduced risk of all those affected is seen as reflecting their preferences. This aggregate WTP is divided by the number of deaths prevented to determine what government might justifiably spend to save a life in the program under consideration.

Though all proponents of WTP agree that the preferences of consumers are the best guide for public policy, they disagree about the best means of determining WTP. Some favor consumer polls, while others look to decisions that individuals make when their lives are actually at risk. Although many have advocated one method or the other, there have been only three serious published attempts to apply either approach: One used polling, while the other two made deductions from decisions in the job market.

Jan Acton polled 100 people in Boston about heart attacks and risk reduction. He thought his most "basic" question was the following:

> Let's suppose that your doctor tells you that the odds are 99:1 against your having a heart attack. If you have the attack, the odds are 3:2 that you will live. The heart-attack program would mean that the

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> odds are 4:1 that you live after a heart attack. How much are you willing to pay in taxes per year to have this heart-attack program which would cut your probability of dying from a heart attack in half (i.e., the chances are two per 1,000 you will have a heart attack and be saved by the program this year)?

In the community sample Acton thought most typical of the general citizenry, the average response to this question was $56. This implies a value of life of $28,000 $\left(\frac{1{,}000 \times \$56}{2}\right)$.

There are two standard criticisms of using polling to determine WTP. The first is the possibility that respondents may engage in strategic behavior: Taking account of their likely tax burden and other respondents' likely responses, they may understate or overstate their real WTP in order to shift the average WTP and the resulting tax burden in ways helpful to them. Like Acton, I do not think such behavior is likely to be a serious problem in preliminary efforts to assess people's preferences. The second problem is more fundamental: Many wonder if poll respondents will be able to understand and give consistent answers to questions such as those Acton asked. In other areas, economists have found that people's stated preferences and actual behavior often differ widely.

Acton acknowledges these potential problems. He also notes that the order in which his questions were asked seemed to affect responses, and that respondents frequently gave identical WTP answers for different changes in the probability of death. Still, he believes that most people "thought rather carefully" about his "basic" question, and he thinks the polling approach to WTP "a better guide to true preferences than any of the alternatives."

It is unclear why Acton thought the question above more "basic" than another he asked:

> They are thinking about putting ambulances and other devices in communities around the country, but only if people are willing to pay enough for them. This program would be for you and 10,000 people living around you. In your area, there are about 100 heart attacks per year. About 40 of these persons die. With the heart-attack program, only 20 of these people would die. How much would you be willing to pay in taxes per year for the ambulance so that 20 lives could be saved in your community?

This question focuses on community-wide benefits, while the earlier one emphasizes benefits to the individual. Both questions, however, describe the same program—one where the respondent and others in the community are .002 less likely to die the year after implementation than before. Yet in the community sample most represen-

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tative of the public—in which Acton had the most confidence—the average response was $56 to the first question, and $33 to the second. This means that small changes in the way the same program was described led to WTP values varying from $28,000 to $16,500.

Risky business

Applications of the alternative WTP methodology have also run into serious problems. The two studies of this type, by Robert Smith and by Richard Thaler and Sherwin Rosen, have examined decisions made in the job market. Since people spend much of their lives on the job, the authors believe that workers have an incentive to acquire decent information about their work-related risks. And since risky jobs will be less attractive, the expectation is that after controlling for education, race, experience, unionization, region, etc., wage rates will be higher in high-risk occupations.

Both studies have found this to be the case. Smith used data on injury rates among hourly workers in manufacturing industries and found that where the yearly death rate is 16 per 100,000 workers, employees receive approximately 1.5 percent more in annual wages than do employees of comparable skills in industries with an average rate of eight deaths per 100,000 workers. Smith's estimates imply that workers are collectively willing to forego $1.5 million in pay if employers undertake steps that will save one life. Thaler and Rosen's study used actuarial data to compare the expected number of deaths for those of a certain age with actual deaths in 37 hazardous occupations. The authors found that 1,000 workers in an occupation associated with an extra death risk of .001 per year will each sacrifice $200 per year if the extra death probability is reduced to zero. This implies a value for life of $200,000.

Because of inadequate data neither Smith nor Thaler and Rosen have great confidence in the WTP figures they have come up with.[3] But even if the data were as good as one could wish, information from the job market may never produce a decent WTP estimate for programs that reduce the risk of death. The figures that result will omit the WTP of most white-collar employees and all nonworkers. Moreover, the society's WTP for lifesaving programs may depend

[3] Smith's data lump together all hourly workers within an industry. This introduces a large measurement error for individuals, because job risks in each industry are not uniform across occupations. Thaler and Rosen do have data showing death rates by occupations, but only for very risky occupations, and there is reason to believe that those attracted to such jobs are more tolerant of risks than are most Americans. For this reason, the Thaler and Rosen figures will underestimate most people's willingness to pay for risk reduction. Moreover,

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on how painful the predeath stages of a disease are, or whether the program is preventive or curative. (We would pay more for a program that would prevent kidney or heart failure than for one that allowed some sort of life after such failures.) But it would be hard to know how the job-market figures should be adjusted to take account of these factors. Even more important is the question whether workers are aware of the real risks of occupations, and thus whether wage differentials really tell us what we want to know about workers' attitudes toward their job-related risks.

In any case, WTP proponents do not yet have an alternative figure to substitute for the DFE numbers in various government studies. The work of both Smith and Thaler and Rosen suggests that DFE is too low to use as a value for life. But the Acton study suggests that most DFE figures are too high.

Still, one could make too much of the disagreements among WTP figures at this early state. Acton had a very small sample, and his WTP results were for a program that might allow one to live a possibly crippled life *after* a heart attack. One would expect people to be willing to pay less for such a program than for death-preventing job-related programs. Moreover, two informal applications of the polling approach to WTP—by Thomas Schelling and by H. C. Joksch—both yielded value-of-life figures of $1 million or more. Since other more theoretical work by J. Hirshleifer, T. Bergstrom, and E. Rappaport also suggests that WTP should be much greater than DFE, a WTP proponent could argue that our current knowledge is sufficient to support a WTP figure two or three times DFE. And the government should be doing more polling and collecting information on occupational death rates and cause of death, so that statistical studies of risk premiums in the job market could make more accurate estimates.

If the normative principles of welfare economics and its applied branch, benefit-cost economics, are sufficient for determining the value of lifesaving programs, this reasoning is persuasive. One of the weakest yet most prevalent arguments against benefit-cost analysis accepts its principles but denies their relevance because of difficulties in application. If the principles hold, the sensible course

Thaler and Rosen have no information on cause of death, and they simply assume that unusually high death rates in the occupations studied are caused by real work-related dangers. For most of the listed occupations where death rates are high (such as lumbermen or boilermakers) this assumption seems plausible, but for others (like cooks, waiters, and bartenders) it seems much less so. Perhaps cooks, waiters, and bartenders die sooner than most not because they are engaged in risky occupations, but because they are more likely to be transients, alcoholics, or whatever.

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is to use the best possible estimate of WTP. But are the principles sufficient guides for public policy on lifesaving programs?

Who should benefit?

Students of philosophy and theologians have not directly addressed the broader questions of resource allocation that concern economists, but they have asked a related question: Who should get exotic lifesaving therapy when there is not enough for all? There are essentially two lines of thought on this problem: that those most deserving should be given preference, and that all should be treated equally. In the first approach, some interpret "deserving" quite broadly, excluding only those over a certain age, the critically ill, or those with a serious criminal record. But many in this school are more demanding. In the 1960's when kidney-dialysis machines were scarce, a group of hospitals made allocation decisions on the basis of factors such as age, marital status, number of dependents, occupation, past performance, and future potential.

Nicholas Rescher has set forth criteria of this sort, together with a justification for them. Rescher would have decisions made on the basis of biomedical factors (likelihood of success and life expectancy), family role (number and age of dependents, etc.), and social factors (prospective and retrospective service). He does not try to put weights on each of the factors, and he acknowledges that a lottery may still be needed to choose among those whom his criteria cannot discriminate. He nevertheless opposes random selection because it blindly ignores considerations that "*deserve* to be given weight." For example, with respect to the social factors, he notes:

> Despite disagreement on many fundamental issues, moral philosophers of the present day are pretty well in consensus that the justification of human actions is to be sought largely and primarily—if not exclusively—in the principles of utility and of justice. But utility requires reference of services to be rendered and justice calls for a recognition of services that have been rendered.

Paul Ramsey supports the alternative position—that all should be treated equally. When kidney-dialysis machines were scarce in the 1960's many hospitals used this criterion; most decided on a first-come, first-served basis, although at least one held a lottery. Ramsey supports these and only these decision procedures. Though he thinks a rule that excludes all those over a certain age preferable to Rescher's social-merit criterion, he ultimately opposes even age-based

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criteria. He approvingly quotes Paul Freund: "The more nearly total is the estimate to be made of an individual, and the more nearly the consequence determines life and death, the more unfit the judgment becomes for human reckoning. . . ." Ramsey continues, "Here we see the important and informative distinction between a practice that 'plays God' and a practice that is for the reckoning of men to imitate rather God's care (before the Judgment Day!) alike for the good and the bad, the profitable and the unprofitable, the deserving and the undeserving, and seeks to serve those who are only needy no less than those who are needed."

Though the Rescher/Ramsey question is not the one economists (or policy makers) usually ask, some economists would not see the need to give other than their usual answer: Let the scarce dialysis machine, kidney transplant, or whatever go to the person with the highest WTP. If the rich bid up prices dramatically, all to the good: Dialysis-machine manufacturers will then want to get more machines to the market more quickly, and others, concerned about their heirs, will be more eager to arrange to sell their organs in the event of their accidental death. As for Rescher's views, the hard-nosed market economist is likely to see wealth and current salary as at least rough proxies of retrospective and prospective contributions to society. The best pianists and businessmen were and will be paid more than those less talented, and if the businessmen are generally paid more than the pianists, it is only because ordinary consumers value their services more at the margin. Though the poor man who needs the kidney machine will not have the equal chance that Ramsey requires, the poor as a whole would be better off if some of the high sums the rich pay for the machines were used to save more lives of the poor in other less expensive ways. Moreover, the unusually risk-averse among the poor can insure themselves against many exotic diseases at a tolerable price.

Many, probably most, economists would not find these arguments persuasive. In those few cases when supply cannot respond and life-saving expenditures by the rich necessarily doom the poor, economists are as likely to join Rescher or Ramsey as the pure free-market advocates. But in the more usual case, when we are dealing with small changes in small risks of death, most economists would support a WTP criterion. In such cases, the heart of the Rescher argument is not usually applicable, since there are few ways to reduce the risks of dangers like cancer or auto accidents for the deserving without doing it for the undeserving as well.

But what of the Ramsey argument? It surely remains relevant

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for many Americans who believe that in something as fundamental as life, the government should ensure that the rich and the poor are given equal protection. The usual response of economists is as follows: If you are solely concerned with the welfare of the poor, it is better to give them money, perhaps by way of a negative income tax, than to give them a specific lifesaving service that they do not value enough to be willing to pay for its costs. If the poor would rather have $100 in cash than $100 spent to make their car or job safer, by giving them the cash we respect their sovereignty as consumers and increase their subjective sense of satisfaction.

Welfare strategies

Given an unequal distribution of income, there are only two ways of equalizing lifesaving expenditures of the rich and poor: Place restrictions on the rich or give tremendous subsidies in kind to the poor. But neither alternative has much to recommend it. Is there any reason to tell a rich businessman who wants to pay higher user charges for increased air safety that he may not do so because the government is already spending more to save the marginal life in air transport than in modes frequented by lower-income people? Why should the rich be allowed to buy as many yachts or minks as they like, but be told that we draw the line on lifesaving equipment and medical care? Yet if we are not to restrict the rich, we will need an enormous subsidy in kind to make every citizen as safe as a Rockefeller. And given the multiplicity of needs of the poor, there are surely better ways to help them.

One can grant this and still argue that the poor should be assured of a certain minimum standard of safety and medical care, even if their income is so low that they would not willingly use their money to purchase such services. Some economists become impatient with such arguments and the policies that flow from them. Thus Richard Zeckhauser, who apparently favors redistributing income to help the poor, has suggested that these arguments and policies are a means of "salving the conscience of the middle class at the expense of the welfare of the poor." But other economists are more sympathetic, believing that if the general public is upset because the poor are deprived of a minimum level of lifesaving expenditures, then government programs that spend more than the poor would be willing to pay are indeed justified—not by any principle beyond welfare economics, but simply because of the external or spillover benefits to the non-poor of lifesaving expenditures for the poor.

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Though most early discussions of WTP approaches neglected the importance of externalities for the value-of-life question, Ezra Mishan's *Cost-Benefit Analysis* presents a methodology that adds the preferences of all concerned to determine a composite value for a lifesaving program. Thus, if some of the non-poor are willing to pay to help the poor achieve a minimum standard of safety and medical care, their WTP should be added to that of the poor when deciding if a lifesaving program is justified.

According to the welfare-economic approach the only justification for a special public program to achieve higher safety or medical standards for the poor would be the feelings of *non*-poor consumers. Since the non-poor have little contact with the poor, those feelings are likely to depend on idiosyncratic decisions by television executives and newspaper editors. Citizens will know about, and may be willing to pay to reduce the risks for, threatened groups whose situation is most interestingly presented on film or babies whose strange life-preserving needs make the best "human-interest" story. Instead of correcting for the inadvertent injustice to those whose plight is not made known to benefactors, a public policy based on WTP would accentuate it. As Mishan says, all the data in a benefit-cost study accept "as final only the individual's estimate of what a thing is worth to him at the time the decision is to be made." Thus public money would tend to follow private donations, and those similarly situated would be treated even more unequally than if government had done nothing at all.

A closer look at Ezra Mishan's recommended method for determining the value of lifesaving expenditure will illustrate the extent to which many economists would base public policy solely on individuals' preferences—whatever they might be. Mishan properly applies the consumer-sovereignty principle of welfare economics by allowing for the WTP of direct beneficiaries to be augmented by the external benefits to others. But quite consistently, Mishan's scheme also takes account of the preferences of those who might feel *worse* as more lives were saved. For example, an analysis of a health program especially effective in reducing the risk of death for the elderly would add the WTP of the elderly, their friends, family, and the public at large—but then subtract from this total the amount necessary to compensate any greedy heirs for the decrease in their welfare resulting from the possible lengthening of the lives of their eventual benefactors. Similarly, Mishan's formula would ask analysts to take account of the costs to white racists of a sickle-cell-anemia program. Even if the number and intensity of feeling of those who

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benefited from such programs far outweighed those who lose, these examples could have practical application. Such programs would undoubtedly involve substantial costs beyond the psychic ones to the greedy heirs and racists, and the decision to count their preferences could make costs exceed benefits. Should we really conclude that lifesaving programs that are in the public interest from the point of view of all but certain heirs and racists might cease to be in the public interest if those heirs and racists were sufficiently greedy or prejudiced?[4]

Mishan argues that in order to accept his methodology for valuing lifesaving expenditures, "all the reader has to accept is the proposition that people's subjective preferences of the worth of a thing is *[sic]* to count." It would be more accurate to say that one must agree that *only* such preferences are to count. But in fact we have additional standards of societal welfare. Most of us believe, for example, that those similarly situated should be treated equally and that malevolent preferences should not be publicly recognized.

The need for political judgment

A thoughtful political representative should use economic analysis. He should, for example, encourage economists to continue to ask if there are good reasons for the differing implicit values for life that current government policies produce. Programs of the Occupational Safety and Health Administration should not go unquestioned when they require the steel industry to spend at least $4.5 million to save a life. Even in the more controversial area of benefit-cost analysis, economists should be supported in their efforts to determine the public's WTP for lifesaving programs. When given information about the effectiveness of such a program, the average American can envision what is at issue far more easily than he can, for example, in issues concerning defense policy, and his views and decisions will thus be of relatively more importance to representatives trying to make thoughtful choices in this area. But public lifesaving decisions are not like decisions to build a bridge or pick up the garbage more often, cases where WTP might be *all* a representative needs to know. There will be many occasions for political judgment even if econo-

[4] It is particularly disconcerting that an economist as willing and able to make judgments about the quality of tastes as Mishan is should have adopted the methodology described. Elsewhere in his *Cost-Benefit Analysis* he recommends that the preferences of people whose subjective sense of satisfaction decreases because of envy of others' success should be excluded from the economic calculus on ethical grounds.

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mists some day determine a reliable WTP figure for lifesaving programs.

Some reasons for this have already been suggested. Malevolent preferences should be denied public recognition, and those whose plight has been publicized for idiosyncratic reasons should not be given an unfair advantage. The WTP figures may not adequately reflect the greater public responsibility for safety where a collective decision is necessary (Defense Department and F.A.A. regulations and equipment) as compared to areas where individuals are better able to control risks themselves (advertising campaigns to encourage people to wear seat belts). Moreover, since people in their early 60's are generally wealthier than those in their early 30's, WTP calculations may put relatively too much general tax money into programs that prolong the lives of people past middle age, while de-emphasizing lifesaving programs for young adults with low incomes, large family responsibilities, and thus low average WTP.

Our desire to emphasize adequately both individual freedom and society's interests in the well-being of all citizens will also pose difficult issues. In an age when most experts think future lifesaving can best be achieved by changing individual diets and safety-related actions, what is the government responsibility? Should it go beyond publicizing information to mandating action? One can always find financial externalities resulting from another's death (higher life-insurance premiums), and there are often psychic ones as well. But if such externalities justify government regulation, we will soon be regulating the diets of the obese and of many others. WTP figures are not likely to take adequate account of these larger issues.

Without more information on people's WTP it is not clear how significant any of these problems will be. One cannot even be certain whether thoughtful representatives will be more likely to raise or to lower WTP figures when deciding how much to spend on a lifesaving program. Ivan Illich's *Medical Nemesis* has, in effect, popularized the view that our WTP will be too high, that we freely turn too many of our resources over to doctors and let them decide when and how we will die. We will be happier, Illich argues, when we learn to accept pain, decline, and death as parts of life. There is something ugly about a people more interested in frantically scrambling and spending for a few more months and years of life than in the quality of their lives.

But on the other hand, there is also something ugly about callousness and indifference to the situation of others. In his work on the value of life, Mishan calmly predicts an increase in indifference

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if not callousness: "The gradual loosening of family ties and the decline of emotional interdependence should cause the magnitude of the bereavement-risk compensation . . . to decline." But should a political representative merely adjust his value for life downward as the people's preferences change in this way? Believing that a reverence for life and a concern for others are political goods in a democracy, he may instead want to help extend the people's feelings and make them more public by, among other means, expanding and highlighting lifesaving programs. Analysts in the habit of looking to welfare economics and benefit-cost economics for policy guidance are unlikely to consider such matters. Certainly the economist's assumption that all desires are equal—and his consequent unwillingness even to consider possible distinctions between things that some people desire and things that are truly important—makes him peculiarly likely to suggest that others are ignobly "salving" their consciences if they are more interested in transferring needed medical care to the poor than in transferring cash or the other modern goods the poor may prefer.

Tragic choices

Though representatives will want to consider other criteria as well, economic analysis can help improve choices concerning lifesaving programs and the value-of-life issue. But there is a further issue of how widely such analysis should be publicized and how open the debate and decisions should be. On the value-of-life issue in particular, the results of analysis are not now spotlighted, debate is not encouraged, and if any explicit decisions on values to be used are made, they are not publicized. In a recent speech, Judge David Bazelon noted that his court rarely if ever encounters candid justifications for *not* improving health and safety standards. No one says that a program will save lives but is not worth the cost. Instead there is a tendency to hide behind scientific uncertainties ("There is no *credible* evidence *at this time*. . . .") or to use some other subterfuge. In his discussion of the government's involvement with kidney dialysis, analyst Richard Rettig notes a similar phenomenon: "A basic asymmetry was manifested throughout this complicated policy debate. The proponents of an expanded Federal government role were able to carry their case to the public in a variety of ways, while the opponents made their case in sotto voce fashion." Rettig and probably most other analysts hope that we are "entering a period in which policy-making officials are more willing to debate

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both sides of value-of-life issues in full view of the public." Bazelon agrees and notes that without such candor we miss a critical opportunity "to inform and thereby raise the level of public understanding."

For my own part I am quite sure that we will never see the day when value-of-life issues are debated as freely and openly as other public-policy issues. Moreover, I do not think we ever should see such a day. Imagine how the perfectly "rational" Congressman might greet his grieving constituent: "Mrs. Jones, I share your grief about the plight of your husband, but we simply cannot afford to spend $30,000 per year to keep him alive when people are dying elsewhere who could be saved for much less. Moreover, your husband would have to be hooked up to a kidney-dialysis machine for eight hours a couple of times a week, and you must admit that the quality of the lives saved by building safer roads would be much higher. Perhaps it would help if you and Mrs. Smith got together and tried to comfort one another. She lost her husband in the recent air crash, and seemed indignant because the F.A.A. for many years has had a radar system that can prevent such crashes. I tried to explain the high cost of putting those systems in every two-bit airport around the country, and I pointed out that without them if it hadn't been her husband's life it would have been someone else's. I'm not sure that I persuaded her. But just because we *can* save lives doesn't mean we *should* save lives. We've got some pretty complete WTP surveys now, and it is clear that the public thinks we are spending enough on lifesaving programs."

It is demoralizing when society collectively and publicly places a value on life. It is especially so when a decision is made not to save an identifiable individual. Thus we spend far more per life on rescue missions and kidney dialysis patients than on life-preserving preventive programs. Charles Fried speaks for many others when he asks why we think we "symbolize our concern for human life by actually doing less than we might to save life." But in fact it does seem more threatening to the life-preserving norm that decent societies should respect when our representatives look a man in the eyes and tell him that it is not worth the cost of saving his life than when those same representatives decide against widening a road shoulder. For one thing, the government's responsibility for the highway death will seem less direct, and thus people will not feel as callous and cynical about themselves and their government. For another, failing to save an identifiable person will mean that we must choose among the WTP, Rescher, or Ramsey criteria for allocating

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the scarce resources, and thus ignore desert, equality, or some other principle we value. Finally, as Guido Calabresi notes in his thoughtful *Tragic Choices*, "pricelessness, or at least the very high price of human life, is reaffirmed" by saving a whole category of people, such as those who suffer from kidney failure. Many important values depend on society's belief in the sanctity of life. Precisely because "these values are constantly being eroded by decisions which, in fact, place a low value on human life, substantial benefits accrue from any demonstration of societal devotion to 'pricelessness' and to the values it represents."

Public policy on lifesaving programs can never expect to achieve wholly satisfactory solutions. Nevertheless, I would like to see the preference for saving identifiable individuals continue when it is possible for them to live with their reason intact and without excruciating pain. But at the research stage, the cost of delivering therapeutic services if the research is successful should be considered.

As for candor, I would tolerate a little dissembling in this area. Much of the public is unable to reconcile removal of Karen Quinlan's life-support system or other forms of euthanasia with their moral sense, which should be respected whenever possible. Imagine how people would react to explicit, publicized decisions to let a kidney patient die so that we could widen a road shoulder, or to set forth publicly sanctioned limits on how much the public should spend to save a healthy man or woman. Let analysts and political administrators argue that the WTP figures and other explicit values are just one factor in the decision-making process. Let interested Congressmen have the analyses so that they can better appreciate the policy dilemmas, but let them also sympathize with their constituents' anger and pledge to look into the matter. If Congressional hearings are held, one can be sure that they will not lead to a legislated value for life—and that is all to the good. Admittedly, the absence of total candor leaves the way open for the periodic appearance of ambitious reporters and politicians who expose the Dr. Strangelove-like analysts at the heart of the bureaucracy. But this cost seems tolerable in an area where simple enlightenment is not to be expected or wished for.

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How to reduce risks rationally

MAX SINGER

THE modern emphasis on individual happiness and personal rights rather than community values and responsibilities has led to an increased concern with protecting individuals from hazards of various kinds. Public-policy choices have increasingly become dominated by hazard-avoiding considerations: a proposed ban on saccharin, resistance to nuclear power, pressure for better protection for workers, objections to recombinant-DNA research, etc. Although different technical questions and institutional contexts are involved in such issues, there is some value in trying to get a perspective on what might be called the "hazard business" as a whole. Each issue can be seen as part of a national effort to save lives by reducing or limiting hazards at the same time that competing values limit our lifesaving efforts. An overall perspective can help us make more rational choices in individual cases—and we will have to make many decisions in coming years.

All lifesaving efforts can be divided into two classes: postponing death from old age and preventing early death. If we arbitrarily say that all deaths before age 75 are early and none after are (a crude substitution for the function representing natural death from old age, which must resemble a bell curve more than a sharp line), there are about 1.2 million early deaths a year in the United States

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—60 percent of all deaths. Hazard reduction is one way to prevent early deaths. To give scale to the hazard problem, we can say that it involves 600,000 to 1,000,000 early deaths per year, as well as potential new causes of death.

Other kinds of efforts to prevent early deaths include reducing the chance of war and making war less deadly if it happens; developing and delivering medicines or treatments (including immunization) to cure or prevent diseases (the approach with the biggest lifesaving possibility, by far, is to find a way of preventing blood vessels from becoming clogged, or cleaning them when they do); improving diet and habits (less drinking, more exercise, increased cleanliness, and greater attention to sound health practices), reducing inherited disease and disability; and lowering the rate of murder and suicide.[1]

Distinctions among these categories are slippery. If atherosclerosis is found to be caused—or aggravated—by a contaminant, it can be dealt with as a hazard problem. If it is caused by or could be prevented by what we eat, it is a diet problem. If it can be treated or prevented by medicine, it is a medical problem. Deaths can have multiple causes, and our understanding of them is continually changing.

There is now a large, very divided hazard-reduction industry in the United States. It includes the traffic-safety groups and others working on transportation safety, those concerned with occupational safety and health, the vast food-and-drug-safety concerns, a large share of the environmental-protection business, the nuclear-safety establishment, those involved in consumer-product safety, and a few miscellaneous groups. Each of these is a vast and diverse industry or group of industries, involving various technologies, organizational relationships and traditions, and risk problems.

These branches of the hazard business are very different from one another. Traffic safety involves concern with large and statistically highly predictable numbers of deaths each year, resulting from a large number of independent incidents, involving simple and familiar technology and large-scale citizen participation. Nuclear safety, on the other hand, involves concern with small numbers of relatively exotic equipment, operated by professional specialists. There have not yet been deaths resulting from failure of

[1] The great reductions in early deaths achieved over the last century or so have primarily resulted from public-health measures, such as cleaner drinking water, general sanitation, medicines to combat infections, immunizations, and improved nutrition due to greater wealth.

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nuclear-safety efforts, but there could be major accidents bringing risk of sickness or death to thousands of people who may have nothing but a geographical relationship to the accident. The risk of ozone depletion in the stratosphere from the excessive use of fluorocarbon aerosol propellants involves an even more complex pattern of relationships. In this case, a by-product of using spray cans—the release of fluorocarbons in the atmosphere—creates a long-term risk of harming the earth's atmosphere. No one can know now whether any actual harm will result. But if we wait to see, it will be too late to undo the cumulative effect of reducing stratospheric ozone before damage has been done to worldwide climatic patterns (unless the effect turns out to be beneficial—perhaps balancing an excessive production of carbon dioxide).

Classes of hazards

1. *Currently identifiable causes of death* (basically accidents) result in about 100,000 deaths per year. This class of hazards is in some ways the easiest to deal with because reality is available as a guide. We can count the dead to measure the success of our efforts to reduce the mortality rates.

The biggest part of the problem is deaths from automobile accidents (about 50,000 per year). One way of reducing the total number of fatalities would be motivational ideas to counteract the danger of drunk drivers, suicides, and young males (who together account for perhaps more than half of the total). The alternative approach is to make auto accidents less deadly through the use of seat belts or air bags and the removal of roadside hazards. (Unfortunately, by protecting drunks and wild kids, we allow them, to some extent, further to indulge their taste for dangerous behavior; almost certainly, however, there is a net benefit.) Making accidents less deadly involves motivational as well as technical problems. How do you induce car manufacturers to equip cars properly, drivers to use seat belts (even if they have air bags), and governments to fix roadside hazards—even though the cost is only perhaps $20,000 to $100,000 per life saved?

2. *Insidious contaminants.* The fight against accidental death and injury has followed approaches that were known decades ago. By contrast, the problem of insidious contaminants and enviromentally caused diseases has only become fully apparent in the last few years. It is the biggest challenge today.

Insidious contaminants, primarily environmental causes of can-

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cer, probably involve over 100,000 deaths per year—and conceivably as many as 600,000. Approximately 350,000 Americans die of cancer each year. But we must regard some of these as "natural deaths." We do not expect to achieve immortality. We do want to ask how many of these deaths result from environmental factors against which we might protect ourselves. It is very hard to know the answer to that question. But it turns out that different populations have radically different rates of different forms of cancer. (There are roughly a hundred or more distinct kinds of cancers.) For example, Americans suffer much more from breast cancer than Japanese, but much less from stomach cancer. If we assume that the minimum rate for each kind of cancer is the minimum rate observed anywhere in the world, then the minimum rate for all cancer would be about 10 percent of the rate in the United States. This is the basis for the widely cited estimate that 90 percent of American cancers are environmentally caused. But this is obviously an extreme estimate. It is not possible to combine all "ideal environments." (Celibacy results in lower rates of cervical cancer for nuns, but higher rates of breast cancer.) Some cancer rates may be genetically influenced. Some of the environmental carcinogens must inevitably be associated with positive aspects of the environment. (The stomach-cancer rate in the United States has gone down by more than 80 percent in the last 50 years for unknown reasons.) It is probably reasonable to think that we might be able to eliminate one third to one half (conceivably two thirds) of the deaths from cancer by reducing carcinogens in our diet and our environment. (The single biggest reduction would result from eliminating smoking, which is responsible for perhaps 20 percent of the life-years lost to cancer, or finding a non-carcinogenic form of smoking.)

Cancer can be treated either as a medical problem or a hazard. Effective cures for a few kinds of cancer have been found. It may be that adequate cures for most forms of cancer will be developed over the next decade or two, either through greatly increased understanding of the basic mechanisms or through the kind of empirically developed but often successful treatment of such afflictions as Hodgkin's disease. But despite considerable efforts, substantial success may not be achieved through medicine. Thus we must begin working to avoid cancer by reducing cancer-causing agents in the environment.

The proper allocation of effort between medical and environmental approaches, however, is extraordinarily difficult to determine (and involves a lot of money and politics). The allocation of direct

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expenses now sharply favors medical efforts. But most of the real costs of the environmental efforts are not the direct costs of research but the losses involved in removing suspected carcinogens from the environment and in decision making. Thus the imbalance in favor of the medical approach is only apparent—although it is not clear whether we now have a reasonably sound balance.

Environmental dangers

Reducing carcinogens in the environment promises to be a terrible task. It is often hard to determine what carcinogens are—that is, what substances actually cause human cancers. In many cases, cancer clearly has multiple causes. Some substances may promote cancer only in those with a latent vulnerability. Cancer can evidence itself anywhere from 10 to 70 years after exposure to carcinogens. In many or most cases, "causes" only increase the probability of cancer from one low number to another. We will probably not find many causes as potent as smoking (which increases the likelihood of lung cancer from 5 to 10 or more times), and even smoking does not prevent a big enough increase in the likelihood of cancer to make many people quit. (Of course, smoking causes other kinds of inconvenience, disease, and death, and many give it up for those reasons.)

Some of the carcinogens we find in the environment will be easy targets: The damage is clear and substantial, and the substances are relatively easy to eliminate without great sacrifice. But there will be many cases where the damage is low or difficult to assess, and the cost of removing the alleged carcinogen is substantial. Suppose that a substance like saccharin triples the rate of some kind of cancer from one in 10,000 to three in 10,000. That means if half of all Americans use saccharin, there will be 20,000 additional cases of cancer. But an extra two cases in 10,000 are hard to detect,[2] and most people are not motivated to personal action by the possibility of reducing a danger that has only one chance in 5,000 of occurring. Of course, the government should be moved by such threats, but it is a difficult task to work on such problems.

If we have a vigorous program of attempting to reduce carcinogens and other subtle poisons in our environment, in the next few

[2] This is the reason for high-dose experiments. If low doses will harm only one in 5,000, very large doses must be used in order to limit a test to only a few hundred rats. So the presumption is that if a high dose hurts five rats in a hundred, a low dose might hurt one person in 10 thousand.

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years there will be perhaps a hundred newspaper stories about how some substance in the food we eat, or the clothes we wear, or the air we breathe is thought by scientists to be causing hundreds or thousands of cases of cancer or some other disease. Sometimes it will be a drug prescribed by doctors and used successfully by patients to cure a disease, or a substance used to solve a problem of some kind (e.g., making infants' clothing flame resistant). In other cases, the material involving the carcinogen will be used by some specialized group, such as farmers. But in each case, removing the carcinogen will involve a complex series of effects on the community. Damages will be borne by consumers, workers, stockholders, and others.

It is undoubtedly true that insidious contaminants are causing much disease and death; those who see poisons everywhere are not entirely wrong. Most people, however, will not let themselves be thrown into a panic. To take one example, few beef lovers will give up steak if they are convinced that eating the meat of steroid-fed cattle will, perhaps, increase by only one in 10,000 their chance of getting cancer. If they are serious people, they may want the government to get the "dangerous" stuff out of cattle feed. This will turn out to be a money matter. What increase in beef cost should we pay (hypothetically) to eliminate one case of cancer for each 10,000 beef eaters? I suspect few people would choose safety if it meant a doubling of the cost of beef—which it probably would not. A 10-percent increase would cost about $10 per year, which most people probably would choose to pay—a rational decision (for the hypothetical risk level) if they value their life at anywhere from $100,000 to $1,000,000. Or should we have two types of beef, cheap and risky, and expensive and safe? (It does not help to cast the cattlemen and agribusiness in the role of devils, although they will almost certainly be the last to recognize the danger and will overstate the cost of eliminating it. For employees and stockholders of some businesses, the costs of change may be very large, even if the costs to society, which are almost inevitably borne by the consumer, are very low.)

But looking at the problem in this fashion is already a big simplification. It is quite possible that we will not know with any great confidence whether the steroid-fed cattle cause cancer in beef eaters. It may not ever be possible to know. If we keep using steroids, we may not positively identify any new cases of cancer (even if there are any), and if we stop using them we may not identify any decline in cancer rates (even if cancer is avoided in some

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cases). So we have to act on the basis of a hypothesis and imperfect evidence. The dangers may be greater or smaller than estimated. The costs to the supplier, cattlemen, and consumers may be more or less than the decision maker believes.

Pragmatic trade-offs

At least in the preceding hypothetical case, it is "only" a matter of trading off money against lives, not lives against lives, as in the case of saccharin or nuclear power. But money is not free. We may not be overly disturbed if we attempt to save some lives at a cost of $100,000 each, and it turns out that the cost is really $1 million each, but if it turns out that the cost is $10 million or $100 million perhaps we need to think again. In our economy, the primary resource is human effort: $1 million is roughly the output of one person working for a lifetime. Do we want to take the lifetime's work of 100 people to save one life? Does it matter if the cost in human effort and in consumption foregone is spread over 10 cents per pound in millions of pounds of beef?

How will we respond when such cases become more and more significant, widespread, and frequent? Will there be a tendency toward cynicism or paranoia as the stories about hidden poisons in the environment are repeated over and over again? The problem of where to draw the line will be immense. There is no obvious way of distinguishing the carcinogen that clearly causes a large number of cancers and can be removed from the environment at a low cost from the alleged carcinogen that has some unknown but probably small chance of causing a small number of cancers and can only be removed from the environment at the cost of substantial disruption. It is certainly not just a matter of dollars and cents. There are issues of free choice for consumers, workers, doctors, and other groups, and a variety of effects on different sectors of society.

Some people are likely to end up feeling that cancer is everywhere, that society is doing nothing but poisoning the environment, that it is not safe to trust anything or anybody, and that the products of technology are poison and disease. If widespread, such attitudes will probably detract from the pleasure and productivity of our society. But we shall have to learn to cope with these effects on our social environment if we are to reduce the number of cancers and other diseases caused by our physical environment. It is a difficult and nasty task, but one that seems necessary.

The problem of insidious contaminants is overwhelming the

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government. None of the principal agencies concerned—OSHA, N.I.O.S.H., E.P.A.—can do enough tests, or analyze the tests that are done, to develop reasonable health standards for all the contaminants that need to be evaluated. The job is just too big. It is like trying to deal simultaneously with all neuroses through psychoanalysis. It is not a matter of appropriations; these agencies could never really be big enough to do the job as it is now conceived. But there is no reason to be dismayed. The death rate is not likely to get noticeably higher (health statisticians may notice, but the general public will not). However, thousands of lives will be lost unnecessarily, and we should work hard to do better.

A rational life-saving approach might be to try to lower worker and population exposure to large categories of substances, which include some suspected carcinogens, *to the extent that it is easy to do so*, and therefore can be done without a major cost or sacrifice of choices on the part of the consumer. (Attention would simultaneously be concentrated on the relatively few contaminants that are thought to be major killers.)

There are two sources of resistance to this broad approach. Absolutists would maintain that if something is dangerous we should get it out of the environment at all costs—or at least to the extent possible given the best available technology. (The Occupational Safety and Health Act is written with this kind of approach. It says the worker is entitled to a "safe place" to work, protected from dangerous substances. Unfortunately, this kind of thinking works much better with clear-cut problems than with those involving insidious contaminants.) But many pollutants do not cause enough harm to justify large efforts to eliminate them. Many substances that are suspected of being dangerous contaminants do not cause any substantial harm. If we are only going to require modest efforts to reduce exposure, there is no reason to make sure that every item on the list to be avoided is really dangerous. The advantage of requiring only an "easy" reduction in exposure to a large number of possible carcinogens is that we can avoid hard decisions—and slow and expensive research—about thousands of substances.

The second group that would resist this kind of broad strategy would be the industries involved, as producers or users. Often what is a low social cost, what I call an "easy reduction in exposure," can be very expensive, even to the point of bankruptcy, for a few companies in especially vulnerable positions. The companies that must bear the cost will claim, with some justification, that it is unfair that they should bear heavy costs to reduce exposure to

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substances that have not been proved dangerous. It is not fair, but it may be sensible.

But even if we could get by the objections of the absolutists and the economic victim, a sensible broad approach would probably be impractical because of the legal and political difficulty of reducing exposure "where it is relatively easy to do so." How far we are from being able to make sensible decisions is illustrated by the recurrent controversy over auto-emission standards. Each year there is a big fight about postponing new and tighter standards. The debate is whether the auto companies should be forced to do what is obviously in the public interest. But the whole controversy overlooks the fact that the deadlines for the new standards make almost no difference in improving the quality of the air. The 1977 cars are so much cleaner than earlier models that almost all the pollutants come from older cars or from cars with malfunctioning emission-control devices. Making new cars even cleaner than 1977 cars will have almost no effect on air quality until the older cars are off the road, and we solve the problem of maintaining emission-control equipment.

But if the "easy-reduction" approach is unacceptable or impractical, some other strategy must be developed. The problem is too large to try to do everything. We must select; we must find clever ways to save the most lives at the cost of a reasonable disruption of our economy. *A country that accepts 200,000 deaths a year from smoking and 20,000 from not buckling seat belts will not—and to be consistent should not—go further and pursue environmental contaminants to extremes.* Can we learn to make pragmatic trade-offs? To do so we must learn to get around absolutism and legalism. It will not be easy; it may not be possible. We may have to pay a price for rigid decision-making processes.

3. *Smoking.* Of the insidious contaminants, smoking must be singled out for special consideration because it is probably the largest single identifiable cause of death from hazards. It kills twice as many Americans each year—about 200,000 deaths from cancer, heart disease, and other causes—as all accidents. (If whatever causes deposits on the lining of arteries were understood as a hazard, it would be much more significant than smoking.)

Smoking is also such a familiar hazard that comparisons with it give a useful perspective on other problems. About 35 percent of adult Americans now smoke cigarettes regularly (currently more men than women, but the difference is narrowing). There seems to be a decline in the rate of smoking, concealed in part by the age

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distribution of the population and by the tendency of women's smoking behavior to become more like men's. In 1964, the youngest adult-age group smoked most, and each older group smoked less. In 1975, that formerly youngest group, by then 35 to 44 years old, was still the heaviest smoking group, but less so than before—and each younger group is smoking less. Also, in recent years filters and low-tar-and-nicotine cigarettes, which are less harmful, have come to take a major share of the market.

Since the heaviest-smoking generation is now entering the age of greatest danger, cigarettes may be expected to take an increased toll over the next 30 or 40 years, and then decline as the heaviest-smoking generation passes out of the population.[3]

Smoking deaths are primarily from lung cancer, most of which is attributable to smoking, and from heart disease. Smoking only increases heart-disease death rates by about 17 percent, but the total number of deaths is so large that this "small" increase produces more death from heart disease than from lung cancer. Of course the evidence is "only" statistical. There is no way of proving, even by autopsy, that any single case of heart disease was "caused" by smoking. Even the much more overwhelming evidence that smoking is responsible for lung cancer is still challenged occasionally in professional journals. (And of course the cigarette industry will not openly acknowledge the evidence.) This shows how hard it is to get absolute proof of the effects of carcinogens. If anyone can doubt that smoking is responsible for lung cancer, when the number of excess deaths is perhaps 70,000 per year, it is apparent how hard it will be to prove the much smaller effects of other contaminants, even when they produce thousands of deaths per year.

Large-scale hazards

4. *Potential population destroyers.* The final category of hazards is comprised of those threatening all or a noticeable share of the world's population. Fluorocarbons, for example, could have an adverse effect on the world climate, conceivably to the extent of making the world incapable of supporting human life.

[3] Similar patterns of delayed "good news" are also overlooked in the case of automobile pollution, most of which is now produced by older cars that will soon be out of the fleet, and in the case of world population growth, much of which now is the result of a disproportionately young population. Fertility rates have fallen rapidly in much of the world, but it will take a long time for the earlier high fertility rates to work their way through.

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Dangers to the climate tend to be the greatest dangers, because the weather system involves such very large and delicately balanced forces that the relatively small causes that man is capable of producing (large for man, small in global terms) can trigger much bigger effects. Some people are concerned that too much deforestation or use of fossil fuels could release enough carbon dioxide to produce a "greenhouse" effect, trapping too much heat and melting the icecaps.

It is important to try somehow to keep our sense of scale. We should not use up words like "catastrophe" or "disaster" or exhaust the idea of size by concerning ourselves only with the small, everyday dangers. We should understand the difference between a problem that can kill a few tens or hundreds of thousands of people and one that can kill billions—or even everyone. Moreover, we may face disasters from natural causes. After all, man did not cause the previous ice ages. We may have to make policy to respond to such truly enormous threats (as we already have with fluorocarbons).

It is sometimes said that modern societies are so complex and interdependent that they are more vulnerable than more primitive societies. But this is probably not true for most threats. The United States is almost certainly much more capable of coping with an ice age than India or Africa. After all, we use only a very small part of our resources for fundamental necessities. If producing food and shelter became much harder because of climatic adversity, or if we needed to devote very large resources to protecting against some other danger, the United States and other advanced industrial societies could in a few years overcome very large obstacles. (In the 1940's, the United States increased its defense efforts from a few percent to 50 percent of total production in only three or four years.)

In the next few centuries, as the task of spreading industrialization throughout the world is finished, mankind will become much more capable of responding to large-scale hazards. It remains to be seen whether we will create hazards even faster than we develop the ability to cope with them (or whether our political and psychological weaknesses will somehow nullify our economic possibilities).

Most Americans would probably say that if we made some technical mistake that resulted in, say, a few million deaths, this would show that technology is bad, that modernity involves too high a price. But much higher prices were paid in the past. In just a few years, the 14th-century plagues killed a quarter of the population

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of Europe, or about 5 to 10 percent of the world population. (Today, 5 percent of the world population would be 200,000,000 people.) The population of China was reduced several times by 50 percent in a few generations when disorders, disease, and famine swept the land. Probably a much higher percentage of the pre-Columbian civilization of Latin America was killed by diseases brought by the Spanish. In the advanced countries today we have come to take for granted our control of nature and our ability to avoid dangers. Therefore hazards that kill a few thousand or hundred thousand people seem almost intolerable. (Yet about three quarters of a million people were killed in the big Chinese earthquake last year.) If we faced a much larger danger we would recognize that other perspectives are also possible. We hope that we will not have to.

Life-years and death

We talk about "saving lives" although, of course, that is impossible: Everybody dies. What we can do is prevent death at a particular time, or save some number of *years of life*.[4] When we save someone's life—say, with a seat belt in an auto crash—we can think of ourselves as saving the number of years of his current life expectancy (see the table on the next page). But what should we consider in calculating life expectancy—age? sex? race? weight? smoking habit? family longevity? health? recklessness? Age is usually the dominant factor, but each of the others can easily be worth a few years, and health can be decisive.

When we begin thinking of saving life-years it becomes easy to start thinking of some years as different from others. For example, there are childhood years, working years, and retirement years. (In family terms, years of dependency, years with dependents, years after child-rearing, and again years of dependency.) For most people, healthy years are more worth saving than years of being crippled, senile, sick, or in pain. But there are some who enjoy and care more for their years of sickness, pain, misfortune, or old age than some others care for much more favorable years. So we cannot easily devalue any year of life.

In most of this article I talk of "fatalities" or "lives saved" and often do not mention illnesses and injuries prevented. Usually that

[4] There is a good discussion of many of these issues in "Early Death: An American Tragedy," by James W. Vaupel, *Law and Contemporary Problems*, Vol. 40, No. 4.

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*Deaths and Years of Life Lost in the United States (1972)**

	Nonaccidental	Accidental	Accidental as Percentage of Total
Deaths in 1972	1,800,000	116,000	6%
Total Years of Life Lost	31,500,000	4,080,000	11
Childhood Years Lost (Up to Age 20)	1,700,000	230,000	12
Working Years Lost (Ages 21 through 65)	12,100,000	2,760,000	19
Retirement Years Lost (Age 65 and Above)	17,700,000	1,090,000	6
Total Years Lost Per Death	17.5	35.2	
Childhood Years Lost Per Death	.95	2.0	
Working Years Lost Per Death	6.7	23.8	
Retirement Years Lost Per Death	9.8	9.4	

* Based on life expectancy at age of death. For example, a 50-year-old has a life expectancy of 25 years, so if he dies at age 50, 25 years of life are lost. Even an 85-year-old has a positive life expectancy (7 years), so every death produces some number of years of life lost. There is obviously something circular about this method of calculating, so it will not support intensive use. But it is adequate to illustrate the concept.

manner of writing is just shorthand. I use the single measure of death to stand for a whole complex of issues. Restricting the analysis to fatalities is convenient: It provides a single, unambiguous measure (although the cause of death, particularly from illness, is often unclear). Records of fatalities are usually the most reliable.

How misleading is it to use deaths to stand for the whole range of harm from hazards? There are two ways fatalities can provide a good measure: if they are proportional to other harms, so that by preventing half of the deaths we also prevent half of all the lesser injuries; and if fatalities represent a major share of the total harm of a particular kind (which is certainly the case in commercial air accidents, where deaths far outnumber passenger injuries).

For automobile accidents, the ratio is roughly one death per .6 serious or critical injuries, 2 severe injuries, 12 moderate injuries, and 85 minor injuries. The average number of life-years lost in auto fatalities is over 40. I think it is fair to say that the fatalities from auto accidents represent well over half the total harm. Therefore, for auto accidents, the number of lives saved is a reasonable mea-

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sure of the value of safety efforts.[5] The number of lives saved is also a pretty good measure of the non-property harm from fires because the death-to-injury ratio is now high. To the extent that occupational and environmental (including food-and-drug) health programs are aimed at cancer prevention, which is a major share of the environmental problem, fatalities are a good measure because cancer (except skin cancer) is usually fatal.

The cost of reducing hazards

What prevents us from reducing the number of deaths from hazards? Various kinds of costs could be paid to reduce deaths.

1. *Changing victim behavior.* Probably the single biggest opportunity to save lives is by getting people to stop smoking. (There are, of course, a variety of partial steps that would save some, and possibly most, of the lives jeopardized by smoking—such as smoking less, switching to pipes and cigars, or smoking less harmful cigarettes.) This would probably save about 200,000 deaths per year—between one fifth and one third of the total deaths from all hazards.

Saving lives by preventing smoking involves the cost of a *substantial nonmonetary sacrifice.* Whatever satisfaction it provides, smoking is a powerful phenomenon. People spend a lot of money to smoke: Many Americans will spend 5 percent or more of their after-tax income on cigarettes. Most smokers in the United States know that by smoking they are sharply increasing their chances of getting a dreaded disease. Smokers also suffer other costs. Therefore they must value smoking highly. But getting smokers to change to less harmful cigarettes is easier than getting them to stop altogether.

Another major opportunity to save lives by changing victim behavior is by getting more automobile riders to wear seat belts with shoulder harnesses. This could save perhaps 15,000 to 20,000 lives per year. The cost involves *changing a minor habit.* There is no reason to think that people feel strongly about *not* using seat belts. Apparently many people start to use them in jurisdictions that make usage mandatory, even without substantial enforcement. Most people would probably be willing to buckle their seat belts

[5] Suppose one equates a serious injury to a year of life lost, a severe injury to a half a year, a moderate injury to a month, and a minor injury to a week. Then injuries cause about 10 percent as much loss-of-life equivalent as fatalities.

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for a payment of $100 or $200 a year, or 10 cents or a quarter each trip, if there were a way to organize such transactions. (In other words, drivers now act as if they value their lives at less than $500,000 on an expected-value basis.) The psychology of "buckling up" is complex: For some, the seat-belt issue may be important, but probably not for most.

Some diet changes, such as getting obese people to lose a lot of weight, may involve bigger sacrifices than giving up smoking. Other changes would be easier to induce than using seat belts.

There are many other ways people could reduce their chances of death or illness: wearing safety equipment, driving more slowly, avoiding dangerous sports, etc. From a social point of view, this means that there are many ways of saving lives by inducing large groups of people to do something (or to stop doing it). In each case, the context and characteristics of the motivational problem are different, but the general shape of the problem is the same. Policy makers must look for acceptable changes in behavior that take care of many of the problems, rather than try to get people to go against strongly held preferences.

The basic problem is that most risks are not truly risky enough. Not smoking adds only about two to four years to life expectancy. Smoking heavily means incurring about one chance in 150 of getting lung cancer, or one chance in 100 of having a premature heart attack. Buckling a seat belt only means one chance in five million of preventing death or injury on an average trip.[6] These risks are simply too small to motivate many people. But the government takes a different view: It adds up all the deaths and injuries, which do not represent a risk, for within some band of error they are a certainty. Government feels obligated to prevent those deaths.

The relationship between the potential victim and society is peculiar: In some sense, society is more motivated to save his life than he is. More precisely, he and society place different values on his risky activity, on his death, and on risk taking in general. We need to think through the basis for and limits of social action to save people who choose not to save themselves. Should society spend as much to save people who can easily protect themselves as it pays to protect people who are not incurring "unnecessary" risks? To what extent should society use education, persuasion, or

[6] The average-trip calculation is relevant if people act by habit and either almost always buckle or never do. If there is a decision each trip, there is probably over 10 times more reason for buckling for a two-hour drive on rural roads than for a quick drive to the grocery store.

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coercion to induce safer behavior that reflects *its* values rather than those of the citizens concerned?

2. *Trading one risk for another.* There are many situations where lives can be saved by risking other lives. Electricity can be obtained from nuclear reactors, which have one set of risks, or from coal-burning power plants, which present different risks to different people at different times. (Although we can save lives by using less electricity, we cannot reduce our use or our risks to zero. Furthermore, almost any use of the resources saved by using less electricity will also have a set of associated risks.) If all lives are valued equally, nuclear electricity is probably to be preferred from the point of view of lifesaving (unless increased use of nuclear power increases the chance that nuclear weapons will be used). However, if lives lost in large, identified groups are much more important, or if innocent bystanders should get much more protection than workers who have "assumed the risk" of their occupation (and have been paid for it), or if future lives that would not be getting much of the benefit of the electricity deserve more protection, the balance may be different.

A different kind of opportunity to save lives at the cost of different risks is presented in the regulation of new drugs. Crudely stated, the choice is between saving lives from drugs that have harmful side effects by slow and careful authorization of their sale, and losing the benefit of drugs that might save other lives or reduce illness. The direct effect of taking two years instead of one to license a drug is that the drug is available for one less year. More important, making drug approvals more difficult and expensive means fewer new drugs, some of which would save lives and reduce illnesses. This dilemma can be minimized by an intelligent decision-making strategy, but it cannot be eliminated. But neither Congress nor the Food and Drug Administration seems to have faced up to the dilemma and considered alternative strategies for minimizing the total cost. We do not know how many lives are now being lost because of food additives and drugs, or because of harmful natural foods. Not many can be identified, but overall evidence suggests that the number is not trivial. (Nor do we know the cost in lives of avoiding those deaths—if we only knew how.)

Dollars and sense

3. *Spending money.* There are many opportunities—in principle, an unending list—to save lives by spending money. But there is no

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simple function relating the cost of saving lives to the number saved. There are too many variables regarding the kind of lives, the relationships involved, the distribution of costs and benefits, the other ways of saving the lives, etc.

The way that money is spent to save lives often determines decisions. It is easier for society to require manufacturers to comply with a standard, resulting in a cost that will ultimately be paid by consumers, than it is to spend tax dollars—which in turn is easier than to get individuals to spend their own money.

Unfortunately, there do not seem to be many big bargains around: It is not easy to find opportunities to save many lives at low cost (less than $50,000), without other substantial non-monetary costs. There probably are many small bargains around, but they result from either mistakes or greed or a combination of both. Putting so much of the flame-retardant tris in babies' sleepwear was almost certainly a mistake, but removing it was relatively inexpensive. On the other hand, the spread of disease and death from asbestos particles could have been sharply reduced at a reasonable cost, but the producers fought against knowing or admitting the harm for a long time.

In the area of occupational safety and health, there are undoubtedly many lives that can be saved by spending money. But except for small groups, substantial amounts will probably be required (greater than $100,000) for each life saved. The coke-oven standards that the Occupational Safety and Health Administration is requiring of steel companies will cost at least $1,000,000 for each premature death avoided (and most estimates of the cost are many times higher).

The Federal Highway Administration has studied a range of programs to reduce highway fatalities—removing roadside obstacles, widening highway shoulders, installing or improving barriers, etc.—and estimated the cost and expected fatality reduction of each. The cost ranges from $35,000 to $1,000,000 per expected life saved. There is a substantial effort to get the states to make these improvements, roughly in the order of increasing efficiency, and it is progressing about as one would expect (slowly, compared to the speed of thought). The highway system is cumbersome and complex, with 50 states and hundreds of local bodies making decisions, but the process seems to be moving along reasonably well.

If airbags are installed on most cars and prove to be more effective than early evidence indicates, or if seat-belt/shoulder-harness usage goes up substantially, then the value of road improvements

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will be sharply reduced. If a seat belt would save a man who crashes into an abutment, he cannot be saved again by putting energy-absorbing barrels in front of the abutment. And vice versa. The value of airbags/safety belts will go down as roads are improved. From a combination of these approaches, the fatality rate (per mile) for driving will probably be down 40 to 60 percent in 15 or 20 years (which would be almost a continuation of the trend of the last 30 or 40 years).

Smoke detectors are probably the best opportunity now available to save a lot of lives by spending money. About 4,000 of the 6,000 annual fire deaths are people killed at home because of inadequate warning. The average cost of smoke detectors is $30 to $50 per home, which is equivalent to $50,000 to $80,000 per expected life saved.

Cheap, effective smoke detectors are a fairly new technological development. They are being heavily promoted by the producers. It will be interesting to see how fast they sell—an unusually good indicator of how people value their lives in practice, and of how information spreads.

4. *Preventing progress.* Twenty years ago the idea of preventing progress in order to save lives would have seemed crazy. Now "progress" seems a much more ambiguous value to many people than it used to be. Although it is not very helpful to argue about progress per se, some decisions arise in a way that makes it convenient to use the general idea of progress to describe the cost that may be paid for attempting to save lives.

One example is the question of how much research in recombinant DNA should be restricted. Such research has scientific benefits as well as possibly immense medical and economic advances. The risk is that dangerous new disease-causing or otherwise harmful organisms could be created and released into the environment. Progress is on both sides of the equation. Recombinant-DNA research may bring new risks, but it is also likely to bring an expansion of knowledge and resources to respond to risks of all kinds. If we can lose billions of lives, it is also possible that there will be a way of saving billions of lives. Activities that could increase our ability to do so are very valuable.

5. *Being smarter.* Sometimes hazards can be reduced without substantial cost of any kind. All it takes is to figure out how. For example, when a new road is built, many of the accident-limiting ideas that are fairly expensive to add to existing roads can be incorporated at insignificant cost.

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If, as some experts believe, a reasonably satisfying cigarette can be produced that would cause only 10 to 50 percent as many deaths as current brands, a very large number of early deaths could be avoided at low cost and a minor change in victim behavior—from one kind of cigarette to another, perhaps a gradual evolution of taste. The resource producing the lifesaving would be brains: the research to develop the cigarette (perhaps already done, for the most part) and the decision to get the cigarette produced and used.

What is to be done?

It may be worthwhile to conclude by asking why hazard reduction has become an increasingly prominent activity in recent years.

Are hazards worse now and taking a larger toll than ever before? Most of the evidence is to the contrary. In general, things are not getting worse, they are getting better. The clearest and least important area is accidents. Accidental death rates are in a slow but long-term decline (even on an age-adjusted basis). Automobile fatalities, per mile driven, are declining. Occupational fatalities are declining—in part because of the shift to office jobs, but even in dangerous industries like mining.

The smoking trend is complex, but the future looks better—from less smoking and less harmful cigarettes. We are likely, however, to go through a period of increasing damage first, because of past behavior, unless we move quickly to safer cigarettes.

Death from insidious contaminants may well be rising. This is partially a necessary byproduct of a broad process that almost certainly saves more lives overall than it costs. As the population gets richer, more numerous, and technically more sophisticated, it puts more new substances into the environment. That cannot be avoided if we are to enjoy the benefits of progress. But it is possible to reduce the byproduct costs by detecting and controlling harmful agents more quickly. This can save many lives. So we have a difficult task that results from our success at developing new ways of supporting more and better life. Finally, we are certainly doing more things, on a larger scale, that conceivably threaten the world's population. So increased concern is appropriate. But the benefits are also great, including increased ability to respond to population-threatening hazards.

The intellectual fashion of increased concern for the individual, increased willingness or even desire to recognize social misdeeds, and low morale, however, encourages an unbalanced view of the

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dangers of our situation, and often excessive concern about particular hazards. Increased wealth ironically contributes to this tendency. Safety is a luxury good, in the technical sense that people buy more of it as their incomes rise. (This is generally true of both individuals and societies, although rich people may also choose some risky behavior.) Safety is one of the reasons it is better to be wealthy than poor. But as we get wealthier and safer, we become more concerned about safety. So this article is not a cry of alarm that the world is getting more dangerous. It is rather an attempt to improve our perspective so that we can more successfully deal with some of the real costs of our success in expanding our wealth, power, and knowledge.

What should we do? We should make more use of the discipline of reality regarding accidents and other recognized killers. The Occupational Safety and Health Administration, for example, should devote more of its efforts to getting and using measures of safety performance and less to trying to tell factory managers exactly how to make work places safer. Better measures permit better management by using examples of good safety performance.

Insidious contaminants present our biggest challenge, one we cannot escape. In dealing with them, we will need to learn balance and discrimination. No formula or slogan can provide the answers we will need. Even the economist's instinct to balance marginal costs so that each million dollars spent to reduce hazards saves as many lives as possible gives only a hint at the right direction to move in.

Like most social problems, the death toll from hazards requires a complex, balanced, and limited response. We cannot give ourselves up to eliminating or even reducing hazards. As individuals and as a society we must not become cowardly, fearful, or hypochondriacal. The weakening of our character can do us more harm than all the auto accidents and all the fires. Our society still has challenges to overcome, from nature, from ourselves, as well as from external enemies. If we reduce our ability to meet these challenges, we are likely to pay in lives as well as other values.

But our pursuit of lifesaving through hazard reduction must be constrained—as must all our endeavors—in other ways as well. It must respect our values of privacy and freedom. Action must result from complex, pluralistic, private and governmental decisions Resources must be developed and measures taken with respect for the property rights and interests that we have created for other purposes.

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Aliens, jobs, and immigration policy

EDWIN P. REUBENS

Last August, when the Carter Administration sent Congress a package of proposals concerning "undocumented aliens," more commonly called "illegals," it was evident that a funny thing had happened on the way to the Capitol. For more than a year, public clamor had been increasing for the deportation of illegals and a tight seal of our borders. Yet the main thrust of the Administration's package, though involving some restraints on new inflows, was to legitimize the presence and employment of most of the illegals already here and to assure their civil rights.

Immigration policies have long been plagued by conflicting economic, social, and political interests that affect the three main categories of aliens. First are the "resident aliens," or legal immigrants, admitted for permanent settlement under statutory quotas and preferences, in rather stable numbers today, close to 400,000 a year. Second are the "temporary workers," such as doctors, scientists, entertainers, and other particularly qualified persons, admitted for specific periods, also in steady numbers now, about 80,000 a year. Third and largest in number are the rising streams of illegals, who primarily cross our border from Mexico, and secondarily from the Caribbean, especially via Puerto Rico. According to some estimates,

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they may now total well above one million a year. The total of all legal and illegal entries, probably about 1.5 million a year, is now almost equal to the reported annual increase in our entire population. The alleged number of deportable illegals now living here is approximately equal to the 7 million unemployed American workers. According to the Immigration and Naturalization Service (INS), in 1976 there were about 1.5 million illegals in the New York City area and 1.3 million in the Los Angeles area.

The fiercest opposition in the United States to immigrants of all three kinds is primarily economic, a result of the high and persistent rates of unemployment. One concern is that aliens compete for jobs with certain organized and certain disadvantaged groups in this country. A broader charge is that arriving aliens depress wages and working conditions for all American labor. Another claim is that the illegals use public services such as schools and hospitals without paying taxes and that they are unregistered elements in our society, contrary to principles of law and order. From another viewpoint, all immigrants increase the pressure on our resources and environment. From an international perspective, our absorption of skilled personnel from less developed countries supposedly constitutes a large and unfair "brain drain." On the other hand, some of those countries, especially Mexico, protest any of our plans to curtail the in-migration of their masses of unskilled personnel.

There are nonetheless quiet but strong sources of support for aliens. The chief economic defense comes from employers who claim that satisfactory American workers are not available to fill all the job vacancies at the going wages and under other prevalent conditions. (There is the counter-charge, of course, that employers are "exploiting" aliens, especially illegals.) Civil-rights agencies also demand basic legal status for the aliens and object to certain proposed methods of control, such as identification cards or deportation drives, as threats to the liberties of Americans as well as aliens. Strong support for aliens also comes from religious groups, notably the United States Catholic Conference, which sometimes claims on behalf of parishioners, especially those from Mexico, that immigrants are "economic refugees" who have a "natural right to migrate." The several ethnic groups in our population are divided on the question of immigration: Some welcome additional countrymen, others fear the consequences of their accumulation here.

Aside from these issues, there are complaints about the character of our present immigration policies; the restrictive or "exclusionary" approach of our statutes, the arbitrary and rigid size of our quotas

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and ceilings, and the limited number of refugees we accept for asylum, compared to the "preferences" we give to reuniting families and to filling specific labor needs. The State Department and the INS are criticized for the long delays in processing visa applications and adjustments to permanent residence and for insufficient control of evaders. Even with the first priority accorded to families, there are many complaints that relatives have been kept out of the country for years or have been driven to illegal entry and a life of constant fear of deportation. And the "labor certification" system, in which the Labor Department and the INS collaborate in screening foreign worker applications, is criticized for reaching only a narrow segment of the immigrants and for arbitrary criteria in deciding whether American workers are "available" for a given job.

But running through all these conflicting claims and counterclaims, which mix realities with unfounded assumptions and sheer biases, is the economic importance of the aliens, both in our society and in their home countries. On this matter, although many aspects remain uncertain, valuable new information is available: official reports and commissioned studies, journalistic accounts, and my own field trips along our Southern and Western borders last spring and surveys I made in Mexico and in the other main countries from which our immigrants come.

Aliens in the labor market

Are aliens "taking jobs away from Americans"? Domestic unemployment is now persistent and high, close to 7 percent of the labor force. Yet 4-percent unemployment is considered (by the revised Humphrey-Hawkins "full employment" bill, for example) to be the irreducible minimum of labor "float" in our mobile society. The problem is thus the 3-percent "incremental" unemployment (the shortfall of 3 million jobs) caused by factors such as lagging economic growth, net importation of foreign goods and services, active mechanization of jobs, large inflows of women and youths into the labor market, and longer lives and work lives. "Incremental" unemployment is concentrated among particular groups, notably teen-agers, the aged, housewives newly entering or reentering the labor force, and ethnic and social minorities.

If the aliens are here in large numbers and compete with the "increment" of our unemployed for access to low-level or entry-level jobs, immigration policy must adjust over the long term as to both the numbers and the types of aliens allowed to enter. On the other

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hand, if the aliens are relatively few in number, constitute a "non-competing group," and arrive chiefly in times of labor scarcity, when jobs are readily available, they pose no great economic problem. We must therefore examine the quantitative and qualitative features of the supply and demand for labor, both native and alien.

A reasonable estimate is that the recently accumulated population of all aliens currently working in this country amounts to something over six million.[1] This figure comes to only a little over 6 percent of our whole labor force. However, the six million alien workers amount to *twice* the shortfall of three million jobs for our labor force.

From annual flow data, it is apparent that aliens of all three categories probably have been making net new additions to our labor force of about one million annually in recent years.[2] This net inflow adds only 1 percent to the domestic labor force each year, but it amounts to fully half of the annual growth of 2 million in our reported labor force. To be sure, the aliens would constitute somewhat less than half if they were fully counted in the reported labor-force figure for recent years. On the other hand, their proportion surely has been increased by the surge of illegal entries in 1977.

Some commentators (notably Wayne Cornelius at M.I.T., whose studies are frequently cited in Mexico) tend to minimize the annual additions to the illegal population by viewing them as "short-term workers" in a circular flow of in- and out-migration. Yet there

[1] In the absence of direct and complete information, my estimates are derived from actual data to which reasonable and widely accepted ratios are applied.

The net accumulation of authorized immigrant workers over the past five years alone, estimated at 1 million, consists of gross inflows of nearly 400,000 persons of all ages each year as reported by INS, reduced by 25 percent for the current volume of return flows (my estimate derived from inter-censual figures), and converted to numbers of workers by applying a 65-percent rate of labor-force participation (in accordance with the Domestic Council report on Illegal Aliens, December 1976, which allows for persons who immigrate as dependents but subsequently take jobs).

The effective number of authorized temporary workers, estimated at 120,000, is calculated from reported annual inflows of about 80,000, excluding students and dependents, and increased to include workers who stay on beyond one year but not permanently.

The number of resident illegal workers, estimated at about 5 million persons, is derived from estimates of 6-12 million made by two successive INS Commissioners and by other officials. From this range I adopted a figure of 7 million, and converted it to a number of workers by applying an estimated labor-force-participation rate of 70 percent (revised slightly from a November 1976 calculation by INS, which suggested a total of 3.8 million illegal workers).

The sum of the above three estimates comes to over 6 million alien workers who have arrived in recent years.

[2] The data come from INS reports on admissions of authorized permanent and temporary aliens, and on apprehensions of illegals. To these data I have applied estimated ratios of duplications, of illegals not apprehended to those caught, short-stay and return-flow rates, and labor-force-participation rates.

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has been an observable accumulation of illegals over the years; and sample studies indicate an average stay of 2.4 years for Mexican illegals (with one third of them staying from 3 years to 20 years). The supposition that most of them stay no more than six months seems to derive from studies done solely among Mexican farmers who actually returned home after seasonal work in the United States. If this was once the typical pattern of migration, it evidently no longer is today. It is to be hoped that this and other traits of the Mexican migrants will be established by a new large-sample study now being conducted by Dr. Jorge Bustamante of the Colegio de Mexico for the Mexican Government.

The very large volume of current inflow certainly seems to suggest severe competition, particularly over "entry-level" jobs, between Americans and aliens trying to enter the work force, an especially serious problem given the very high rates of unemployment among our own young people. Yet it does not automatically follow that the jobs held by aliens would be appropriate and attractive to our unemployed, let alone to our employed workers. In fact, an industrial and occupational breakdown of the alien workers indicates a rather limited area of competition with Americans.[3]

At the top of the occupational list are the doctors, scientists, architects, artists, entertainers, and other aliens, almost entirely legals, with recognized special talents and skills, whom we have authorized and welcomed under "preference" categories as immigrants or under special visas as temporary workers or exchange visitors. These aliens presumably make an important contribution to American life and impose little if any costs. There is usually room at the top!

A little further down the list are skilled aliens, again mostly legals, who fill in the lower ranks of high-level occupations, where qualified Americans are reluctant to enter or to stay: for example, doctors and nurses in poverty-area hospitals and in nursing homes. In recent years, foreign medical graduates constituted about 30 percent of the resident medical staff in all hospitals in the United States, and over half in New York City's municipal hospitals. We also find alien engineers and architects working here as draftsmen, teachers serving in lower-ranked schools, and other well-trained aliens working as cooks, tailors, furriers, and in other skilled occupations that do not attract American workers.

[3] This breakdown is derived from INS and Census reports on the authorized aliens, and from sample studies of the illegals in 1975 by David North and Marion Houstoun for the Labor Department, supplemented by journalistic reports and the present writer's own field inquiries.

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At the bottom of the list are the hard, unpleasant, and low-paid occupations, staffed disproportionately by both legal and illegal aliens who have no skills other than peasant farming and simple crafts. They are accustomed to heavy labor, eager for jobs, hard-working, and docile. As Secretary of Labor Ray Marshall puts it, "They work scared and hard." Farming was once the main field for these immigrants, but they are now predominantly in urban jobs.

Are Americans losing jobs?

Are these aliens really competing with American workers for jobs? Most aliens are working at the lowest job levels. Are there Americans available to substitute for them? These questions depend on the skills, attitudes, and "reservation prices" among our "unemployed" workers and on their alternatives to work (unemployment compensation, welfare, relatives, "hustling," criminal activities). But these factors contributing to our unemployment problem long antedated the 1970's, when the large inflow of aliens first raised a really troublesome issue of job competition.

Many employers claim that American workers simply are not available, or that they are not as good, reliable, or teachable as aliens, especially for intermittent and laborious work. In New York City, businessmen in garment manufacturing, laundries, restaurants, and other fields have flatly stated that if it were not for the illegals, they would have to close up. Businessmen and their attorneys in Miami, Houston, and Los Angeles agree. Shortages of American workers in agriculture, for hand-harvesting and other laborious work, are more prominent than ever: When local orchards recently recruited workers from the West Indies, for example, an official of the New York State Department of Agriculture said, "It's a fact of life that New Yorkers don't want to pick apples!" Similarly, we have seen a shortage of household help, even when wages increased to $3 or $4 an hour in metropolitan areas. Higher up on the occupational scale, many big-city hospitals declare they cannot carry on without their (mostly legal) alien doctors and nurses.

A projection (by Harold Wool for the Department of Labor) of trends in domestic labor supply and demand to 1985, by occupation and assuming full employment, indicates "potential surpluses of workers for higher-level occupations and potential shortages for lower-level occupations." There thus seems to be a marked prospective need for aliens willing to fill the vacancies.

Currently in the South and Southwest, the so-called Sunbelt, low-

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er-level employment is expanding vigorously; these are the very regions where the huge inflows of illegal aliens are concentrated (although some spread into other areas, and a separate concentration is in the New York metropolitan area). The big, stagnant pools of unemployment are in the inner cities of the Northeast, where the number of low-level manual jobs has receded and is hard to restore. If the unemployed of the Snowbelt were more mobile—whether on their own or with governmental assistance—they might then compete effectively with the aliens in the Sunbelt, and some parts of the labor market there might indeed become flooded.

Another perspective may be found in the experience of Northern and Western Europe, where alien laborers (often called "guest workers") have come mostly from Mediterranean countries. Recent reports indicate that the natives of the Northern and Western European countries are unwilling to take many of the jobs held by foreign workers, despite the recent rise in unemployment. There are over one million unemployed in France, for example, and about two million foreign laborers. An African worker from Mali, who does subway maintenance in Paris and earns just a little above the legal minimum in France, told a correspondent for *The New York Times*: "No Frenchman would do what I do, for what I get paid." Furthermore, in Italy illegal immigrants have actually been increasing in number in recent months and reportedly filling "the heavy jobs Italians no longer want," despite almost one million unemployed Italian workers and over a million young but better-educated Italians seeking their first jobs. Compare *The New York Times* reports that the Vietnamese refugees in the United States are mostly in low-paying jobs, are often under-employed, and are "taking a lot of jobs that are not taken by Americans."

"Americanizing" jobs

Do aliens take jobs away by accepting lower wages and worse working conditions than Americans would? This is certainly seldom the case for high-level professional and technical personnel, although it may be a factor for younger professionals. It is probably also rare for middle-level alien workers employed in large plants, shops, and other enterprises alongside American workers, and subject to uniform pay schedules (although some cases of wage discrimination are reported). There may be a mistaken impression that some aliens are underpaid simply because they work in the lower ranks of skilled occupations and accept correspondingly lower salaries.

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There are many reports of economic exploitation and inhumane conditions imposed on illegal aliens, chiefly in firms where they are the majority of the work force—certain farms, construction work, small factories, household service. Adequate evidence is lacking, but some sample studies indicate that illegals are paid an average of about 60 percent of prevailing wages, and about one fourth of them are paid less than the minimum wage. But in many cases, low wages probably reflect differentiation of tasks, with low pay regularly going to low-valued work. The reported disparities between illegals' earnings and average wages were widest in construction, manufacturing, and transportation—industries with a broad range of branches, ranks, and status. And illegals receiving less than the statutory minimum wage were mostly in agriculture and household service—two fields where the low reported earnings are often not gross hourly rates (comparable to the minimum hourly wage) but rather net take-home pay (because income taxes and social security charges are usually not deducted). In sum, only a portion of the illegals are effectively in economic competition with American workers.

There is probably more substance to the charge that the presence of alien workers tends to stave off unionization. Foreigners in a strange environment are often docile and grateful to be hired at all. The illegals in particular tend to be servile toward employers because of the fear of being denounced to the INS. This is not the stuff of militant unionism. Some labor unions, to be sure, are willingly enrolling illegals in order to fill the ranks of dues-paying members, while also meeting the employers' needs. But other unions, especially in construction, are vehemently opposed to illegals.

The severest opponents of immigration, however, claim that our own citizens can be trained for jobs now held by supposedly "non-competing" aliens. Hostile American attitudes toward certain jobs can be overcome by giving those jobs higher status and providing better wages and working conditions. Persistent vacancies can be filled by increasing the supply of qualified American personnel (e.g., if more doctors are trained, some of them will be driven into lower-rank posts). The possibility of exploiting the fear of aliens in order to pay low wages can be eliminated by an amnesty according full civil rights to illegal workers already here.

Many such steps are conceivable, so the issue is what would be involved in practical terms. Most of the firms where jobs might be "Americanized" and taken from aliens are small in scale, labor-intensive, low in profitability, and subject to price-sensitive demand for their product or service. If some of the steps suggested above

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were taken, we could expect rising costs, higher consumer prices, reduced sales and production, increased mechanization, and more do-it-yourself household work (aided by new appliances). We could also expect increased migration of firms out of old central-city locations to more remote areas in the South and West or to foreign locations, and the closing of some firms along with the rise of cheap imports. Most of these tendencies are undesirable in themselves, and also reduce jobs, in this country generally or in some of its regions, for Americans as well as for aliens.

Over the long run, of course, the economy would adjust. But in the short run, there would be reduced employment, aggravated inflation, and intensified trade deficits, with the heaviest burden borne by the troubled cities and the most disadvantaged groups of citizens. Meanwhile, the jobs at the bottom of the scale in pay, quality, and prospects would hardly be any more acceptable to Americans than before. They would largely remain for aliens.

The issue of social services

Would the economic drawbacks of excluding aliens or upgrading their status be offset, at least in part, by fiscal gains, as communities were relieved of the burden of providing public services to aliens who supposedly do not pay for them? There is now some evidence that illegals make proportionately small use of public services, and already make substantial payments toward them.

For one thing, most illegals are young, single adults with little need for hospital services or public schools, or even for welfare (since most of them find jobs). In any case, they are fearful of seeking such services. Nonetheless, illegals do pay expenditure taxes in the form of excise taxes, sales taxes, and property taxes (included in rents), although their expenditures are comparatively small because they live cheaply and save much of their income for remittance to their home country. Many of them, by using bogus Social Security cards, also have income taxes withheld (although some tend to exaggerate their exemptions). They also pay Social Security taxes (which will never be of any use to many illegals who fear to apply for their benefits).

To be sure, unauthorized aliens do use some costly public services: For example, a Los Angeles county hospital has sued the INS in an effort to recover the cost of services rendered to persons alleged to be illegals. But a more representative picture of public services used and taxes paid by illegals is suggested by the sample responses in

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the Labor Department study by North and Houstoun (see the table below):

*Percentages of Illegals Using Services and Paying Taxes**

	Percentages of Respondents
Services	
Hospitals or clinics	27.4%
Unemployment insurance	3.9
Public schools	3.7
Job training programs	1.4
Food stamps	1.3
Welfare payments	0.5
Taxes and Fees	
Social security taxes withheld	77.3
Federal income taxes withheld	73.2
Federal incomes tax returns filed	31.5
Hospitalization insurance withheld	44.0

* Source: Labor Department study by North and Houstoun, dated March 1976.

In short, removal of the illegals would not greatly reduce the total volume of public services rendered. Admittedly, larger tax revenues might be collected, and smaller expenditures might be made for unemployment and welfare payments, if idle Americans could be induced to take over the jobs now held by aliens.

Population pressures

At first glance, the demographic impact of immigration seems strong. The gross inflow of legal permanent settlers, at the current rate of nearly 400,000 a year, amounts to one fourth of our reported yearly population increase of about 1.6 million. Adding in the temporary workers and the much larger numbers of illegals gives a total gross inflow of 1.5 million a year, which is greater than our natural growth, the excess of births over deaths. Furthermore, the legal aliens have a higher rate of natural increase than the American population generally and thus tend to raise our growth rate.

In reality, however, several adjustments are required. About 20-25 percent of the annual gross inflows of legal immigrants are migratory return flows; if that rate is applied to the gross inflow of 1.5 million the net inflow comes down to 1.1 million. But this figure is a relatively small increment to our population of 216 million persons—an annual increase of about one-half of 1 percent. Moreover, the measured rate of population growth already includes many immigrants (although it is not known how many illegals were counted) and has already declined to less than 1 percent a year. As the mea-

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sured domestic increase shrinks, the estimated foreign inflow will automatically seem large in comparison. But the sum of the domestic and foreign increments, after duplications are discounted, evidently amounts to about 1 percent annual population growth. Whether this is "large" or "small" depends on one's values concerning labor supply, job competition, ecology, etc.

If immigration were allowed to rise without limit, however, the impact would undoubtedly be very serious. Illegal immigrants come from Mexico, other parts of Latin America, and the Caribbean (a total population of more than 200,000,000 and rapidly growing); their inflow could become overwhelming, without ever considering migration from the still vaster poor populations of Asia. The stark implication is that our borders must be controlled against the potential of future inflows, despite assertions that "economic refugees" have a "natural right of migration."

The pros and cons must also be examined from the standpoint of the less-developed countries and their balance of benefits and costs from migration to the more advanced nations. It is commonly supposed that the loss of highly skilled emigrants constitutes a "brain drain" of expensively trained persons vital to the home countries' economy and welfare, and even more crucial to their future development. On the other hand, the emigration of unskilled persons, especially those coming from farming directly or at one generation's remove, is viewed mainly as a "vent for surplus population." In reality, however, these two types of population loss are alike in causing very little damage, because they both flow out of surpluses; both types also provide the home countries with substantial remittances of dollars and with numerous repatriations bringing back both capital and skills. (From the opposite standpoint, a receiving country that is short of labor gains by obtaining workers reared and in some instances trained abroad at no cost to its own economy).

The brain drain

The fact of an economic surplus of professional, technical, and kindred personnel in many of the less-developed countries is not widely recognized, but reports by the Colombo Plan Bureau and by UNESCO (both in 1972) indicate that very few of those countries considered migration of professionals "a serious problem." In the Philippines, India, Taiwan, South Korea, Thailand, Mexico, Jamaica, and Colombia—the chief sources of immigration by professionals from less-developed countries to the United States—there is a dis-

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tinct surplus of most professionals above effective demand. Since about 1965, most of these countries have trained professional, technical, and kindred personnel far in excess of feasible economic opportunities. India, for example, has had a substantial and persistent problem of the "educated unemployed" (as documented by Mark Blaug and associates, and confirmed by other investigators). The Indian authorities eventually cut back on enrollments in some professional schools. In the Philippines, where most professional training is conducted in private, profit-seeking schools, graduates are regularly prepared for "export" to the advanced nations.

The gross flow of trained professionals from less-developed countries to the United States has been adding about one-third of 1 percent annually to our stock of professional, technical, and kindred personnel, and amounts to 5 percent of the annual rate of increase in our stock. These percentages do run higher for particular professions, especially for physicians and surgeons. (In 1972, entries of foreign physicians made up fully half of the entire increase in our supply of physicians!) Return flows, according to our estimates, bring these gross percentages down by about one-fourth. Skilled immigrants are therefore making an appreciable contribution to this nation. Even if they represent no loss of current services to the countries they leave, they do represent an expensive asset, human capital developed elsewhere at considerable expense and transferred to us without direct compensation. The value of that annual transfer may be estimated in terms of the "avoided costs of education" in our country: about $500 million in 1971 (in then-current dollars), or about 2 per cent of the total expenditure on higher education in the United States in that year. The same amount can be assessed as 15 percent of our official development assistance to less-developed countries in 1971. Since that date, professional immigration has declined by 20-25 percent.

Mass migrations

In comparison with the selective migration of professionals, mass migrations are more intractable, harder to control at both ends of the flow, and more likely to exceed the capacity to absorb them. The migration of unskilled persons increasingly moves along illicit channels not open to professionals (who must show evidence of qualifications, must set up personal connections, and so on).

The trend of mass immigration to the United States is still rising. In the less-developed countries, the push to emigrate comes

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from increasing population pressure on the available means of support, which results from marked reductions in death rates (accomplished by relatively inexpensive medical care and sanitation, plus improved nutrition), while birth rates remain persistently high and opportunities for productive work increase slowly, or not at all. Indeed, population growth tends to consume much of the resources and products that might have gone into larger developmental investment. The lag of work opportunities is intensified by such factors as the mechanization of farming, the internal migrations from under-employment on the land to over unemployment in the cities, the preference for industrial fields and technologies that are capital-intensive rather than labor-intensive, and difficulties in international trade and finance.

Over the past 30 years, leaving aside private, profit-seeking investment, official development assistance given these countries, although generally much less than 1 percent of the donor nations' gross national product, has amounted to about 10 percent of the total developmental outlays in the less-developed countries as a group (and as much as one fourth of the total investment in India). Yet in the relatively favorable period of the 1960's, in the less-developed countries the average rate of real growth in gross national product was only about 5 percent per annum, and only about 2 percent per capita (adjusting for population growth). Furthermore, such growth has been meagerly distributed to the general population. Even at 7 percent annual growth in gross national product, or 3-4 percent per capita, which Mexico achieved in the 1960's, the expansion of production has meant only a slow trickle down in expanding general employment and improving welfare. By 1974 Mexico had attained an average level of gross national product of over $1,000 per capita, without diminishing the migratory outflow. Even less effect can be expected in the very poor countries: On an income base of, say, $400 per capita, a growth rate of perhaps 3 percent per capita over the next five years would raise the average income to only $464. In the long run, of course, the leverage of compound growth may lift mountains of poverty and drain the pools of unemployment and underemployment, but it will not happen soon enough to allay the problem of migration in the 1970's.

The attraction of the United States for migrants reflects the vast disparity between real incomes here and in the less-developed countries. This attraction is enhanced by reports of manual and other jobs currently available at pay rates that seem lofty to foreigners (however lowly they may seem to Americans) and by the ease of

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entry here: Persons arriving on legitimate visitors' visas can readily stay on, and others can obtain bogus documents that are increasingly available at rather modest prices. The rest can make surreptitious entries across borders that are hard for INS to seal, even with the aid of such spectacularly advanced equipment as electronic sensors, infrared scopes, searchlight-equipped helicopters, and radio-directed night-patrol cars.

The INS border patrols do make a strenuous effort. At twilight on a typical evening at the INS station above San Ysidro, on the southern California border opposite Tijuana, the monitoring equipment comes alive with staccato clattering and the electronic sensors implanted along the various paths report hundreds of unseen movements in the gathering darkness. Agents move out in patrol cars, follow radio directions until they approach the areas of activity, turn down their radios, switch off their headlights, and plunge down dirt roads to intercept the border crossers. Bodies invisible to the naked eye show up through infrared binoculars and telescopes. Overhead a helicopter hovers, its searchlight sweeping the area, in coordination with two cars on the ground. They close in on four men huddled behind a rocky mound, all roughly but adequately dressed, looking more dazed and resigned than either fearful or hostile. The INS agents use no weapons: They carry pistols but are forbidden to use them unless attacked. The agents merely frisk the Mexicans, and return with them to the INS station. "We'll just load them all into a bus in the morning, and put them across the border," an agent says wearily. "They'll be back to try again tomorrow or the next night!"

Since several thousand persons each night try to cross over small sections of the border, the present INS personnel are simply overwhelmed. It is estimated that at least two out of every three illegal entrants, according to INS agents, will escape apprehension. (Females are the least likely to be apprehended, as the mostly male INS agents are fearful of sexual-molestation charges that might be brought against them.) Illegal border-crossing is promoted by the recently organized rings of *polleros* (chicken-herders), also called "coyotes," who charge $300 per head and up for help in running the border and finding a job in the United States. Economic advancement in Mexico actually contributes to illegal migration, since many people can now afford to pay the *pollero,* or buy bogus documents, or get credit for these purposes. And their expectations rise further with increasing prosperity and spreading education.

All of these forces contribute to the new great surge in immigra-

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tion from Mexico, the leading source of illegals. The most immediate stimulus is the decline of demographic and economic conditions in Mexico, exacerbated by severe drought during the past year and by the 1976 devaluation of the peso, which made dollars all the more valuable. Another factor this year was the imposition on Mexico, and all other Western Hemisphere countries, of the 20,000-per-country ceiling on legal admissions for settlement, compared with the 58,000 admitted from Mexico in 1976 under the old rules, which had set one overall quota of 120,000 a year from the whole Western Hemisphere.[4] Finally, President Carter's new immigration policy proposals, including amnesty for long-term illegal residents, seem to have induced a great border rush by those who expect the border to be sealed tight soon and hope to qualify for the proposed amnesty.

The prospect of sealing the border and checking on the qualifications of aliens is very disturbing to Mexican officials, who are protesting to our government. Mexico may lose a safety valve for its massive unemployment and under-employment, suffer the return of millions of Mexicans already in the United States, and lose remittances to the home country, which are now estimated in the neighborhood of $1 billion a year (compared with Mexico's total foreign exchange reserves of $2.9 billion as of late 1977).[5] The volume of remittances by Mexicans illegally in United States far exceeds our official economic assistance to any one foreign country at present.

The range of immigration policies

The present system of immigration controls is hardly satisfactory to anyone. It does not effectively regulate the numbers and impact of immigration, and the very criteria for regulation are themselves in wide dispute.

Legal immigration for settlement is controlled by subordinating voluntary applications to numerical quotas that are essentially arbitrary among regions and countries: no more than 170,000 a year from the Eastern Hemisphere, 120,000 from the Western Hemisphere, and 20,000 from any one country. There is some provision for additional, non-quota entries of ministers of religion, special

[4] More Mexicans already on the waiting list can enter legally during 1978-80 on 145,000 visas specially opened by court decision last year.

[5] Data on remittances by illegal Mexican immigrants presented in the North-Houstoun report) indicate an average of $129 per worker per month. Even if this figure is sharply discounted and multiplied by an estimate of only 2 million remitters, the total comes to over $1 billion a year.

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refugees, immediate relatives of United States citizens, and other special cases. There is also a rather arbitrary system of "preferences," intended to give first priority to reuniting families, second to meeting domestic economic needs, and third to providing asylum for political refugees. Applicants requesting economic preference are subjected to "labor certification," a screening process conducted by the Department of Labor in collaboration with INS to determine whether American workers are available to fill reported job vacancies. Most of the professional and technical immigrants pass through this screening. However, almost all legal immigrants can enter under some other preference category and join our labor market without having any screening. The legal admission of temporary workers does seem to meet genuine economic needs here. But their numbers are kept relatively small and constant, with little flexibility to adapt to changing needs. The big problem is the illegal entrants; the present system seems unable to cope with the current large inflow, let alone to stem the rising trend.

From an economic perspective, the immigration problem involves a surplus supply of personnel (domestic plus foreign) relative to the demand or capacity of the domestic economy to absorb them. One proposed approach is to tighten our traditional "restrictive" treatment. Special preferences for foreign professionals under the present immigration laws would be reduced or eliminated, and the general quotas under which most of them enter would be reduced. This approach would also return alien professionals to their homelands, refuse to "adjust" students and temporary workers to permanent-resident status, and encourage and assist foreign governments to keep their professional, technical, and kindred personnel at home (whether by cutting training programs, raising salaries and other benefits, or expanding job opportunities there). But such a drastic exclusion of alien professionals would be harmful or expensive or both to the United States in the various fields where trained personnel are scarce, and also painful to source countries with real surpluses of trained personnel.

Under this restrictive approach, all illegal aliens already here would be rounded up and deported; our borders would be tightly sealed against unauthorized entries. But this process would be very difficult and expensive, and also a threat to human rights. Moreover, such a policy would ignore the contributions that aliens make to the domestic economy and their homelands, and would assume that replacements for them could easily be obtained from the domestic labor force without adverse economic repercussions.

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A second proposed solution would be the "import-substitution" approach, which relies more on the market than on simple exclusionary quotas. In order to phase out the dependence on foreign workers, professional training facilities in the United States would be expanded, as would the number of domestic graduates, whose distribution among specialities, regions, and clientele would be improved through careful controls. But the dangers of this approach are evident from the example of the medical profession. From 1955 to 1965, medical schools in the United States showed almost no growth. But during the next decade, they nearly doubled their annual graduations and they are continuing to expand. In response, Congress concluded that there was no longer a "doctor shortage" and passed a new law late in 1976 declaring that "there is no further need for affording preference to alien physicians and surgeons." But this action may prove to have been premature: Occupational projections by the Bureau of Labor Statistics, based on economic and technological trends, indicate a need for an average of 23,000 new doctors each year until 1985—about 7,500 more than our medical schools will provide (according to estimates in the *Journal of the American Medical Association*). In past years, foreign medical graduates alleviated the shortfalls in the total numbers of practicing doctors and in specific regions and specialties (especially inner-city public hospitals and clinics, and old-age nursing homes). Until recently, alien doctors were admitted either as immigrants, as temporary workers, or exchange visitors. But those categories are almost closed to them now. Perhaps the new categories of "physician's assistant" and "para-medical" will help solve the problem.

As far as illegal aliens are concerned, an "import-substitution" approach would at least avoid the arbitrary and harsh features of sheer exclusion. The idea would be to improve the wages and working conditions of the jobs (mostly in the lower brackets of employment) now held by illegal aliens, in order to attract American workers and thereby discourage the aliens. But such an approach could easily backfire. Illegal aliens, eager to work, would probably be more strongly attracted than ever if job conditions improve. Moreover, since a substitution policy would tend to raise labor costs, it would probably have unacceptable economic repercussions on particular industries and firms, as well as on the aggregate economy.

A third approach would involve "legitimizing" immigration and closely adjusting admissions to the changing needs of the domestic economy, and perhaps also the source countries. One aspect of this approach would be to provide compensation to the source countries

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for all professional, technical, and kindred personnel authorized to emigrate and settle here. The question of how much compensation to pay and how to collect and make the payment would be complicated. (See the discussion—including my conference paper—in *The Brain Drain and Taxation,* edited by J.N. Bhagwati.) Although a flexible adjustment system would provide more realistic and equitable treatment than the other two approaches, it would also involve more complex regulation and administration.

An amnesty for illegals?

Under the "legitimizing" approach, unauthorized aliens already living here would be regarded as equal to the authorized aliens, and American citizens generally, in matters of wages and working conditions, job security, access to social services, and equal protection of the laws. This approach, with some elements of the restrictive and the substitutive approaches, was embodied in the package sent to Congress by the Carter Administration in August 1977.

One element in this package is to grant a kind of amnesty, in the form of permanent-resident status, to illegals who have been here for more than seven years, and to grant a five-year stay for those who arrived between January 1970 and January 1977. Those who entered subsequently would still be subject to deportation. Aliens eligible for the full amnesty, estimated by INS at about 765,000, would receive full civil rights. Those eligible for the five-year stay, estimated by INS at about 5 million, would be excluded from using certain social services and from bringing in their families.

These various categories of illegals would be located through the Social Security system and other documents, but the proposal would stop short of instituting a general system of identification cards. The employment of undocumented aliens would be made illegal, and the responsibility would be placed on employers, who would be subject to civil penalties. There would be no attempt to seal the borders completely, although the number of INS personnel would be enlarged, and control efforts would concentrate on smashing the organized smuggling rings and on seeking public and private cooperation on both sides of the borders. The annual legal quotas for Mexico and Canada would be raised from 20,000 each to 50,000 combined. The possibilities of an expanded program of temporary workers would be explored. Finally, a basic element in the package would be to promote economic development in the chief source countries, in the hope of reducing the foreign incentive to emigrate.

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This package clearly embodies President Carter's drive for human rights at home and abroad. Most of the specific proposals respond to the demands or objections of law-enforcement agencies, municipal officials, some labor unions and their leaders, some church groups, some spokesmen for ethnic minorities, and most of the civil-rights organizations. This curious coalition of pro-alien and anti-alien groups is united in the belief that legitimizing the status of aliens will end both exploitation and wage pressure, increase their susceptibility to taxation and other social obligations, assure a reliable workforce, and add to the social and political strength of various minorities.

Unfortunately, many of the proposals in the Carter package have serious drawbacks regarding other groups and the general public interest. First, the formal granting of amnesty to long-term illegal aliens (last made in 1965 to aliens in residence here since before 1948) will do virtually nothing to open up jobs for Americans. At best, such a program may raise the jobs of some exploited aliens to minimum standards or even to prevailing American conditions. But employers might still prefer to hire aliens who are more regular in attendance and more diligent on the job than unemployed Americans. Moreover, aliens authorized for only a five-year stay will inevitably complain of "second-class status." The effort to deport illegals who arrived after January 1, 1977 will run into the difficulty of distinguishing them from earlier arrivals (especially because false documents are easily procured). Some ethnic groups, such as Hispanics, already fear blanket discrimination under such a program. Finally, an amnesty program will not do much to allay present resentment against the legal and illegal aliens, and may stir up new conflicts among them.

In addition, the very prospect of an amnesty tends to enlarge the inflows, and to reduce the outflows, of aliens seeking to qualify for it. Since last August there have been huge numbers of immigrants assembled on the Mexican side of the border, new floods of covert crossings, and many more female migrants. Furthermore, all those who eventually qualify may apply to bring in their families under the prevailing quotas. This would constitute a huge addition to the present backlog of divided families, and would generate more pressure for enlarging the quotas, at least temporarily. But when these additional dependents arrive, they will bring about the overcrowding of our social facilities and housing that so far has only been feared and exaggerated.

Trying to control immigration at the place of employment with-

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out using a reliable identification-card system is likely to prove very difficult, if not impossible. The courts may even overturn any law holding firms and households responsible under such circumstances. But the introduction of a system of identification cards, necessarily for all workers, would run counter to strongly-held American ideas about civil rights, privacy, police powers, and the like. And even if such a system were introduced, the enforcement problems would be staggering, involving frequent inspections of some 90 million workers in over eight million businesses and hundreds of thousands of households (where domestics are employed).

Finally, the Administration's suggestion to improve economic conditions in the less-developed source countries has great popular appeal, as a "constructive approach" promising a "basic solution." In itself, it is indeed devoutly to be wished for, as an effort to cope with the persistent poverty and under-employment in the less-developed countries, and their moral and political challenge to the more affluent nations. But a big new aid and trade program would be difficult to enact in the face of the opposition of many taxpayers, much of organized labor, and the less-developed nations that send few immigrants and would thus not qualify for assistance. Even if enacted, however, such a program would not quickly relieve our immigration problem. The experience of 30 years of foreign-aid programs shows that development is slow and costly, and does not absorb much labor (as President Carter in effect conceded last August). In any event, we can accelerate development a little, and we should try; but we cannot transform a nation's economy without large-scale interference in its internal affairs (e.g., by compelling genuine land reform, substantial credit for small farms, or extensive redistribution of income). In the Mexican Government, an inter-ministerial group is now studying projects for labor-intensive development. Nevertheless, we cannot soon expect any significant narrowing of the disparity in jobs and incomes between Mexico and the United States. The flow of surplus laborers and surplus professionals to the United States will continue, through both legal and illegal channels.

Some practical recommendations

In the light of the above, the best approach, in my judgment, would be to combine an informal kind of legitimization for illegals now here, with a tight border seal and a flexible program for authorizing temporary workers. Legitimization would take the form of

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simply accepting the presence of illegals as useful contributors to our economy and society, equivalent to lawful resident aliens. There would be no sanctions against them or their employers, and therefore no threat of deportation. But at the same time, since there would be no amnesty program and thus no need to establish various eligibility categories, there would be no need for identification cards (which inevitably would have to be extended to our whole population).

At the same time, the danger of a tremendous inflow into this country would be met by effectively closing the borders, which, as Attorney General Griffin Bell indicated last spring, could be done with "a $90 million investment by the Federal government." This one-time expense would go mostly for new technologies and for additional personnel (including female agents). It is estimated that 80 percent of illegal border crossers could be apprehended, as against about 30 percent at present. The program would concentrate on the main avenues of access along the 2,000-mile Mexican border (much of which is physically impassible), and focus on the rings believed to be organizing the illegal crossings as well as smuggling drugs and other contraband. Efficiency would be raised by INS collaboration with other Federal, state, and local agencies on both sides of the border (as under the Carter proposals). Controlling visitors who simply stay here after gaining admittance might require getting more binding assurances before issuing visas to tourists and students.

The application of a tight border seal, especially with the current fixed quotas on legal admissions, might project an image of "fortress America." But defending borders is a standard feature of national sovereignty all over the world. And the appearance of rigidity and xenophobia could be softened by new programs for temporary workers—for example, "outreach" programs for recruiting suitable workers in various occupations and industries, especially outside of agriculture. This would require continuous monitoring of domestic labor markets and training and relocating of domestic manpower. Timing would be crucial: The need for foreign workers generally rises in booms, falls in recessions, and drops to zero when enough Americans are ready and willing to fill all openings.

To assure strong enforcement, individual visas would have to be issued for specified jobs and time periods, with monthly reporting required of both the alien and his employer. Fair treatment of temporary alien workers must also be assured, to avoid the corruptions of the *bracero* era (when migrants were mostly employed on

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remote farms rather than in the accessible urban jobs that are more prevalent today). Periodic inspections of the work sites should be made by the INS and/or the Labor Department, supplemented by labor unions that organize alien workers in these industries.

If an active program for temporary workers were adopted, it would permit revision of the existing, rather arbitrary quotas on legal entries for settlement. The economic-preference certification could then be restricted to fields where a long-term shortage of workers is clearly demonstrable. Remaining admissions for settlement could then be made for family reasons and for refugee asylum, balanced against considerations of population increase and other social issues. The actual movement of authorized settlers into jobs in specific locations would be explicitly taken into account in determining the need for any additional admissions under the temporary worker program.

To deal with periods of prolonged domestic unemployment at high rates, we need more fundamental policies than simply deporting the aliens in our midst and reducing new inflows. Within a general economic program for recovery, growth, and adequate employment, immigration policy should be part of a comprehensive manpower policy, and should express a basic respect for human rights.

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The "White Flight" Controversy

DIANE RAVITCH

In the spring of 1975, James Coleman released the "preliminary results" of a new study concluding that school desegregation contributed to "white flight" from big cities and was fostering resegregation of urban districts. On the basis of his findings, Coleman maintained that whites were leaving both large and middle-sized cities with high proportions of blacks, and specifically that whites in big cities were fleeing integration, while whites in middle-sized cities were "not moving any faster from rapidly integrating cities than from others." In short, according to Coleman, "the flight from integration appears to be principally a large-city phenomenon."

In the most controversial passage of his study, Coleman argued:

> The extremely strong reactions of individual whites in moving their children out of large districts engaged in massive and rapid desegregation suggest that in the long run the policies that have been pursued will defeat the purpose of increasing overall contact among races in schools. . . . Thus a major policy implication of this analysis is that in an area such as school desegregation, which has important consequences for individuals and in which individuals retain control of some actions that can in the end defeat the policy, the courts are probably the worst instrument of social policy.

Coleman's study provoked bitter attacks from proponents of activist desegregation policies, such as Roy Wilkins and Kenneth Clark, not only because his findings were inimical to their cause, but because his "defection" seemed especially traitorous. After all, he had been the principal author of the Equal Educational Opportunity Survey (known as the Coleman Report), which had been authorized by Congress as part of the Civil Rights Act of 1964 and had served, since its publication in 1966, as the chief evidence of the beneficial effects of school desegregation. Coleman had also taken an outspoken public role as a leading scholarly advocate of school desegregation.

Coleman presented his paper (co-authored by Sara Kelly and John Moore of the Urban Institute) at a meeting of the American Educational Research Association on April 2, 1975, but it was not

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reported in *The New York Times* until June 7, 1975. (Some of Coleman's adversaries later attacked him for carrying his views to the press, but the delay in reporting the story indicates that he did not initiate the media attention.) Then, on July 11, 1975, Robert Reinhold of *The New York Times* reported that the 20 central-city districts in Coleman's study had not undergone court-ordered busing, and Coleman admitted that his views "went somewhat beyond the data." He acknowledged that he had not studied the effects of busing, since the cities under scrutiny had not been subject to court order, and he conceded that he had been "quite wrong" to have called the integration "massive" where it had occurred. But he nonetheless defended the overall implication of his work and continued to maintain that court-imposed desegregation exacerbated the rate of "white flight."

Mobilized by Coleman's well-publicized statements, scholars committed to desegregation lost no time in taking issue with his findings. On August 15, 1975, a "Symposium on School Desegregation and White Flight" was convened, funded by the National Institute of Education, co-sponsored by the Catholic University Center for National Policy Review and the Notre Dame Center for Civil Rights, and hosted by the Brookings Institution. Though Coleman was a participant, the papers that emerged from the symposium consisted entirely of rebuttals of his position. Later, Gregg Jackson, of the United States Commission on Civil Rights, criticized both Coleman's data and his methodology in two articles, a technical version in *Educational Researcher* (November 1975) and a popular version in *Phi Delta Kappan* (December 1975). Coleman's claim that desegregation accelerated "white flight" was vigorously denounced by Robert Green, of Michigan State University, and Thomas Pettigrew, of Harvard University, first at a press conference called by the NAACP, and then in jointly written articles in *Phi Delta Kappan* (February 1976) and in *Harvard Educational Review* (February 1976). Green and Pettigrew charged that Coleman had been selective in his choice of school districts and that their own reanalysis of districts with more than 75,000 pupils revealed no correlation between the degree of desegregation and the rate of "white flight."

There were three major criticisms of Coleman's study: that his conclusions were invalid because he did not look at enough districts and because the districts he did examine had not undergone court-ordered desegregation; that "white flight" from central cities is a long-term phenomenon predating school desegregation; and that desegregation does not cause "white flight" since the same level of "white flight" can be observed in big cities whether or not they have enacted desegregation plans. The policy implication of these criticisms is that framers of desegregation plans need not be concerned about the impact of "white flight," because desegregation does not cause greater numbers of whites to leave than would have left anyway. Green and Pettigrew state this directly:

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> While extensive school desegregation may hasten the white flight phenomenon, particularly in the largest nonmetropolitan districts in the South, the effect, if it obtains at all, may only be temporarily during the first year of desegregation, and then only for those families which have already made plans to move.

THE counterargument against Coleman was strengthened during the summer of 1975 by another new study of the effects of desegregation on "white flight," written by Christine Rossell, an assistant professor of political science at Boston University. Her paper, presented to the American Political Science Association in September 1975 and published in *Political Science Quarterly* (Winter 1975), sought to establish definitively that school desegregation causes "little or no significant white flight, even when it is court ordered and implemented in large cities." Gary Orfield, editor of the papers from the August symposium on "white flight" (and also an author of one of the rebuttals to Coleman), called Rossell's study "particularly impressive," and Robert Green described it as "the most serious challenge to the Coleman position." And indeed, Rossell sought not only to refute Coleman's arguments but to prove that desegregation had little or no impact on "white flight," and that "white flight" was, at most, a temporary and minimal occurrence.

Rossell collected data from 86 school districts and grouped them by the degree to which students had been reassigned for purposes of school integration. She came to the conclusion that of the 10 districts with the highest degree of desegregation, only two (Pasadena and Pontiac) experienced any significant "white flight," but it was "minimal (about a 3-percent increase over the previous trend) and temporary." The whole group of cities with the highest amount of desegregation showed "a negligible increase of about 1 percent from the previous trend":

> The important phenomenon here is that any loss of whites occurs *before* school opens in the first year of the plan. After that, white flight stabilizes to a rate slightly better than the pre-desegregation period. Therefore, white flight, if it occurs at all, occurs not from the problems experienced during the first year of desegregation, but from the fear of problems. In other words, if whites leave, it is typically not because they participated in the plan and did not like it, but because they refused to participate at all.

Busing did not cause "white flight," she held, since she found "no significant increase in white flight in Northern school districts that desegregated under court order." Where Coleman had asserted that "white flight" was greatest in large districts undergoing rapid desegregation, Rossell disagreed:

> The two large school districts, San Francisco and Denver, that engaged in such massive and rapid desegregation show no significant white flight. Nor do most of the other large school districts that implemented

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> lesser degrees of school desegregation (Seattle; Milwaukee; Kansas City, Mo.; Indianapolis; Baltimore; Philadelphia; Los Angeles; and Chicago). Thus the data of the present study contradict almost every claim Coleman has made regarding school desegregation and white flight.

Indeed, according to Rossell, mandatory city-wide school desegregation may be the best means to insure racial stability:

> While almost all school districts (with the exception of Berkeley, California) are still experiencing white flight, it is quite encouraging that by the second and third year after desegregation, the school districts engaging in massive and rapid desegregation have a rate of white flight that is lower than their rate in the predesegregation period and lower than that of any other group [of cities in the study], including those that did not implement any desegregation at all. This is a heartening phenomenon and may mean that school desegregation and the educational innovation that typically accompanies it when it is city wide, could impede the increasing ghettoization of American cities.

Thus, in Rossell's view, not only is school desegregation *not* a cause of "white flight," it may actually be the *remedy* for whatever minimal "white flight" occurs.

But if Rossell is right, how could a distinguished scholar like James Coleman have become so concerned about a relatively insignificant problem? Why had the media accepted the idea that "white flight" was of large proportions, when it was no more than one or two percent of white pupils each year? Conversely, how did Rossell come to the conclusion that "white flight" was minimal and of little or no significance?

To understand Rossell's optimistic conclusions, it is necessary to follow her method of calculating the rate of "white flight." She measured the effect of desegregation on "white flight" by observing changes in the percentage of white pupils enrolled in public schools before and after the major desegregation plan in each city, for as many years as data were available, with 1972-73 the final year of the study. If a district was 58-percent white one year, then dropped to 56-percent white and then to 53-percent white, Rossell would say that the district lost 2 percent the first year, 3 percent the second, and so on. For example, Table I (on the following page) presents five of the cities she analyzed, all in her "high desegregation" group. Thus, Rossell represents the decline in percentage white in Pasadena before desegregation with the following figures: –2.7, –1.5, –1.9, –2.1, –2.0, –2.4. A desegregation plan was adopted in 1970, and in that year the figure representing white decline was –4.2; in the next two years, the figures were –4.5 and –2.5. In San Francisco, where a "massive and rapid" court-ordered busing plan was implemented in 1971, before desegregation the figures were –2.9, –1.2, 0, –4.1, –.2; after desegregation, they were –3.0 and –2.1. (Rossell ob-

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TABLE I. *Change in Percentage of White Students in "High Desegregation" Cities (Rossell's Calculations)*[1]

	Percentage Of Pupils Reassigned	Years Before Plan Date 7	6	5	4	3	2	1	Plan Date	Years After Plan Date 1	2	3	4
Pasadena[2]	98.48%	71.6%	68.9%	67.4%	65.5%	63.4%	61.4%	59.0%	1970	54.8%	50.3%	47.8%	——	——
Pontiac[2]	83.47	74.7	73.4	72.4	69.4	66.3	64.6	62.2	1971	56.8	56.4	——	——	——
Berkeley	57.72	——	——	54.0	51.8	49.6	50.3	48.7	1968	46.5	45.9	45.1	45.2%	46.1%
San Francisco[2]	42.49	——	45.3	42.4	41.2	41.2	37.1	36.9	1971	33.9	31.8	——	——	——
Denver[2]	24.64	——	——	70.4	69.1	67.7	66.2	65.6	1969	64.1	61.7	60.3	58.3	——

[1] Source: Paper presented by Rossell before the American Political Science Association (September 1975).
[2] Court-ordered desegregation.

TABLE II. *Racial Change in Pasadena Public Schools**

Year	Total Number Of Pupils	Whites Number Of Pupils	Whites Percentage Of Total	Minorities Number Of Pupils	Minorities Percentage Of Total	White Loss Number Of Pupils	White Loss Percentage Of 1968 Number
1968	31,259	19,201	61.4%	12,058	38.6%	——	——
1972	26,225	12,523	47.8	13,702	52.2	6,678	34.8%

*Source: Author's calculations.

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tained these figures by substracting the percentage white in any given year from the percentage white in the previous year.) As noted earlier, Rossell argued that none of the cities in her study except Pasadena and Pontiac experienced any significant "white flight," and even in those two cities it was minimal and temporary. Indeed, since her method of comparing percentages yields such small figures to represent the declining proportions of white pupils each year, "white flight" appears to be a sorely overdramatized issue.

Unhappily, this is not the case. Rossell has selected a statistical method that will show small declines even in the face of large absolute movements. Consider, for example, a school district with 250,000 pupils, 200,000 whites (80 percent of the total) and 50,000 blacks (20 percent of the total). If 40,000 white pupils were to leave the district in a single year, it would then have 160,000 whites (76.2 percent of the total) and 50,000 blacks (23.8 percent of the total). Rossell would say that the change in the percentage white was –3.8, that is, a drop of 3.8 *percentage points. But what has actually happened is that 20 percent of the white pupils have left the district* (since 40,000 is 20 percent of 200,000). It is precisely Rossell's method of calculating "white flight" by subtracting percentages that leads her to her conclusions. In Pasadena, for example, Rossell's tables show a decline in percentage white from 61.4 percent in 1968 to 47.8 percent in 1972, a drop of 13.6 points. But the absolute numbers of whites in the Pasadena school system declined by 34.8 percent, while the absolute number of minorities rose slightly (see Table II on the previous page).

Since Rossell maintains that "white flight" rarely occurs after desegregation, it is worth noting that the Pasadena school district continued to lose white pupils: By 1976-77, its total enrollment was 25,718, and its white population had declined to 9,839, a loss of 48.8 percent of the number of whites enrolled in 1968 and of 21.4 percent of whites enrolled in 1972.

Rossell explains why she preferred to compare percentages rather than absolute numbers:

> Coleman . . . measures loss in white enrollment in a way that may tend to exaggerate white flight in some cities. He compares the raw figures on white enrollment in the previous year and then claims white flight if the latter is lower than the former. Yet one can easily predict cases where due to job layoffs, factory closings, etc., both whites and blacks leave a city at a faster rate than before, but blacks leave at a higher rate. Although this would result in the percentage black decreasing and the percentage white increasing, Coleman would still call this white flight, even though it might more properly be called "black flight." In the final analysis, the most important variable for policy purposes is the percentage white, not the number white.

However, this criticism applies not to anyone using absolute numbers, which clearly reveal any joint fluctuation of racial groups, but to the researcher using only percentages, which can mask substan-

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TABLE III. *Racial Change in "High Desegregation" Cities**

CITY	YEAR	TOTAL NUMBER OF PUPILS	WHITES		MINORITIES		WHITE LOSS	
			NUMBER OF PUPILS	PERCENTAGE OF TOTAL	NUMBER OF PUPILS	PERCENTAGE OF TOTAL	NUMBER OF PUPILS	PERCENTAGE OF 1968 NUMBER
Pontiac	1968	23,832	15,789	66.3%	8,043	33.7%	—	—
	1972	21,141	11,929	56.4	9,212	43.6	3,860	24.4%
Berkeley	1968	16,204	7,535	46.5	8,669	53.5	—	—
	1972	15,213	7,017	46.1	8,196	53.9	518	6.9
San Francisco	1968	94,154	38,824	41.2	55,330	58.8	—	—
	1972	81,970	26,067	31.8	55,903	68.2	12,757	32.9
Denver	1968	96,577	63,398	65.6	33,179	34.4	—	—
	1972	91,616	53,412	58.3	38,204	41.7	9,986	15.8

*Source: Author's calculations.

TABLE IV. *"Percentage White in Boston Public Schools, 1964-1975" (Rossell's Calculations)**

1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 (ESTIMATED)	1975 (ESTIMATED)
75.6	74.2	73.9	72.4	68.5	66.0	64.1	61.5	59.6	57.2	52.3	47.8

*Source: Press release by Rossell (December 1975).

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tial changes in enrollments. In other words, Rossell is criticizing her own technique. For example, when black enrollment is growing while white enrollment is fairly stable, as it was in Boston during the 1960's, the method of comparing percentages gives an impression of "white flight" where none exists.

The best way to avoid the choice between percentages and absolute numbers is to supply both. When both are presented for the four other districts used by Rossell (in Table I), a very different picture emerges, as evident from Table III on the preceding page. Only in Berkeley, a small atypical university town that initiated its own desegregation plan, not under court order, was the white pupil loss truly insignificant. San Francisco, which Rossell maintains had "no significant white flight," lost one third of its white pupils during the period of her study. Furthermore, subsequent events in San Francisco and Denver (the two large urban districts with massive court-ordered desegregation) do not sustain her hypothesis that "white flight" rarely occurs after the implementation of major desegregation plans. A court order was enacted in San Francisco in 1971; the number of white pupils in public schools there declined from 26,067 in 1972 to 14,958 in 1976, a loss of 42.6 percent of white enrollment in only four years. Nor did Denver, where a city-wide plan was imposed in 1974, maintain its white enrollment: Its 53,412 white pupils in 1972 declined to 36,539 in 1976, a loss of nearly a third of the white pupils in four years. In September 1977, Denver's white pupils declined by another 3,000 to 47.0 percent of the Denver system, having dropped from a majority of 65.6 percent in 1968 and 58.3 percent in 1972. Any statistical method that declares these demographic shifts "insignificant" is, at the very least, not very useful.

The use of Rossell's statistical method in the case of Boston, that maelstrom of desegregation woes, is so at variance with common knowledge as to throw social science into disrepute. Rossell released the following statement to the press in December 1975:

> Much has been made of the claim that school desegregation in Boston (Phase I in the Fall of 1974 and Phase II in the Fall of 1975) has caused massive white flight. The accompanying graph and table indicate that the decline in the percentage white enrolled in the public schools is part of a trend that began at least as early as 1964 and probably earlier. While the implementation of school desegregation appears to have somewhat accelerated this trend, a projection of the former trend indicates that Boston would have been a majority non-white system, even if it had *not* desegregated, by the fall of 1976. Therefore, desegregation is only responsible for accelerating by one year, the trend toward a majority non-white school system.

This statement was accompanied by Table IV (shown on the preceding page).

But consider the absolute figures, which are shown in Table V (on page 143). The absolute figures reveal that white enrollment

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TABLE V. *Enrollment in the Boston Public Schools, 1964-1976**

YEAR	TOTAL NUMBER OF PUPILS	WHITES		MINORITIES		WHITE LOSS	
		NUMBER OF PUPILS	PERCENTAGE OF TOTAL	NUMBER OF PUPILS	PERCENTAGE OF TOTAL	NUMBER OF PUPILS	PERCENTAGE OF NUMBER IN PREVIOUS YEAR
1964	91,800	69,400	75.6%	22,400	24.4%	—	—
1965	93,055	69,046	74.2	24,009	25.8	359	0.5%
1966	92,127	68,082	73.9	24,045	26.1	964	1.4
1967	92,441	66,927	72.4	25,512	27.6	1,155	1.7
1968	94,174	64,509	68.5	29,665	31.5	2,418	3.6
1969	94,885	62,624	66.0	32,261	34.0	1,885	2.9
1970	96,696	61,982	64.1	34,714	35.9	642	1.0
1971	96,400	59,286	61.5	37,114	38.5	2,696	4.3
1972	96,239	57,358	59.6	38,881	40.4	1,928	3.3
1973	93,647	53,593	57.2	40,054	42.8	3,765	6.6
1974	85,826	44,937	52.4	40,889	47.6	8,656	16.2
1975	76,461	36,243	47.4	40,218	52.6	8,694	19.3
1976	76,889	34,561	45.0	42,328	55.0	1,682	4.6

*Source: Author's calculations.

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dropped by 7,418 (10.7 percent) from 1964 until 1970, an average loss of 1.8 percent annually. However, the loss in white pupils from 1970 through 1976 was 27,421 (44 percent), four times the rate of the previous six years. "White flight" was significantly higher during the implementation of the desegregation plan, and there is simply no way of knowing whether those who left had already been planning to go. It is possible to argue that the 1974-1975 desegregation of Boston's public schools was necessary and correct regardless of the number of whites who left the system. But it is indefensible to argue, against the evidence, that the desegregation plan caused only a one-year acceleration in the transition to a majority non-white school system.

We have inspected Rossell's case against Coleman in detail because it illustrates some of the issues involved in the debate. But the argument concerns more than the proper presentation of the data on declining white enrollments. Coleman also used econometric models to attempt to determine the extent to which desegregation as such was leading to declining white enrollments. These models could take into account the effect of whether a city was Southern or not, whether it had nearby high-percentage-white suburbs, and whether a trend independent of desegregation was reducing white enrollment (suburban movement or other factors). On these matters, the debate is too technical to summarize easily.

One of the issues was the proper measure of desegregation. Coleman argued that, independent of the specific causes (e.g., a court order) leading to it, an increase in the degree to which whites are exposed to blacks seemed, under certain circumstances, to reduce the number of whites. Ultimately, Coleman's model required some important qualifications. The increase in the amount of "white flight" that occurred with an increase in desegregation was particularly marked in larger cities, in cities with a large black school population, and in cities with adjacent school districts with a high proportion of white students. Coleman's conclusions, supported by mathematical models, also seem to conform to common sense and experience. His models have been modified, attacked, and retested, but the general conclusions still hold. After reanalyzing the data and taking into account various criticisms made of Coleman, Charles Clotfelter has concluded:

> The estimates in the current paper of the effect of desegregation—measured by hypothetical changes in exposure rates—support the view that desegregation has a strong overall effect on white enrollments in the largest school districts. Within these large districts, however, desegregation is a significant stimulus of white losses only in districts where blacks make up more than 7 percent of students. . . . For smaller districts, response to desegregation appears to be less intense. . . .

By attempting to deny the long-term significance of "white flight" and by refusing to acknowledge the impact of court-ordered busing

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on white pupil losses, Coleman's critics have confused and confounded the analysis of desegregation policy. Worse yet, the issue has been unfairly politicized by the charge that those who worry about the relationship between desegregation and "white flight" are subverting the civil rights organizations. In view of the rate of white exodus from the public schools of Boston, Denver, and San Francisco, as well as the projected declines in Los Angeles after the implementation of busing, it is impossible to contend that court-ordered racial assignment does not accelerate "white flight" in large cities. It is not a contradiction to recognize that cities where there has been no court-ordered busing have also experienced significant "white flight" (though in no city has the rate of "white flight" been as great in a single year as it was in Boston in 1974 and again in 1975). No matter how many qualifications are attached to Coleman's methodology or research design, his central concern about the diminishing number of whites in urban schools remains valid.

This conclusion should not be misunderstood: Even if it were clearly proved that desegregation causes "white flight," it would still be imperative to eliminate unconstitutional racial discrimination. Certainly, no one—least of all, Coleman—would propose maintaining racially segregated schools as a way of inducing whites to remain in city schools. Coleman's question, raised not in defense of segregation but about the long-range utility of system-wide racial balance plans, was whether court-ordered busing makes desegregation harder to achieve by hastening the departure of whites from city schools. "White flight," in cities under court order and in cities not under court order, is a real problem; it will not be solved by denying its existence or seriousness.

The table on pages 146 and 147 demonstrates the extent of racial change in the 29 biggest cities in the United States from 1968 to 1976. (This list is of *big-city school districts*, not districts that have been made large by court order for purposes of integration.) All have had desegregation controversies, but only a few have court-ordered racial balance plans. *Of the 29 biggest city school districts in the nation, only eight still have a white majority:* Milwaukee, Jacksonville, Columbus, Indianapolis, San Diego, Seattle, Nashville, and Pittsburgh. And three of these eight are fast approaching the 50-percent mark (Milwaukee, Indianapolis, and Pittsburgh). During this eight-year period, the following districts made the transition from majority white to majority non-white: Los Angeles, Houston, Miami, Dallas, Denver, Boston, Cincinnati, and Kansas City.

It seems unlikely that we will ever know with any degree of certainty whether whites (and some middle-class blacks) are leaving the city because of concern about desegregation or crime or poor services or racial tensions or the quality of life or for some other reason or combination of reasons. But if it is impossible to measure the precise impact of school desegregation on "white flight," it is equally insupportable to claim that there is no effect whatever. Court-ordered busing may or may not be the primary stimulus of

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TABLE VI. *Racial Change in Urban Public Schools, 1968-1976*[1]

City[2]	Year	Total Number of Pupils	Whites		Minorities[3]		White Loss		Total Loss	
			Number of pupils	Percentage of Total	Number of pupils	Percentage of Total	Number of pupils	Percentage of 1968 Number	Number of pupils	Percentage of 1968 Number
New York City	1968	1,063,787	467,365	43.9%	596,422	56.1%				
	1976	1,077,190	328,065	30.5	749,125	69.5	139,300	29.8%	(+13,403)	(+1.3%)
Los Angeles	1968	653,549	350,909	53.7	302,640	46.3				
	1976	592,931	219,359	37.0	373,572	63.0	131,550	37.5	60,618	9.3
Chicago	1968	582,274	219,478	37.7	362,796	62.3				
	1976	524,221	130,785	25.0	393,436	75.0	88,693	40.4	58,053	10.0
Houston	1968	246,098	131,099	53.3	114,999	46.7				
	1976	210,025	71,794	34.2	138,231	65.8	59,305	45.2	36,073	14.7
Detroit	1968	296,097	116,250	39.3	179,847	60.7				
	1976	239,214	44,614	18.7	194,600	81.3	71,636	61.6	56,883	19.2
Philadelphia	1968	282,617	109,512	38.7	173,105	61.3				
	1976	257,942	82,010	31.8	175,932	68.2	27,502	25.1	24,675	8.7
Miami	1968	232,465	135,598	58.3	96,867	41.7				
	1976	239,994	98,362	41.0	141,632	59.0	37,236	27.5	(+7,529)	(+3.2)
Baltimore	1968	192,171	66,997	34.9	125,174	65.1				
	1976	160,121	38,992	24.4	121,129	75.6	28,005	41.8	32,050	16.7
Dallas	1968	159,924	97,888	61.2	62,036	38.8				
	1976	139,080	53,008	38.1	86,072	61.9	44,880	45.8	20,844	13.0
Cleveland	1968	156,054	66,324	42.5	89,730	57.5				
	1976	122,706	46,383	37.8	76,323	62.2	19,941	30.1	33,348	21.4
Washington, D.C.	1968	148,725	8,280	5.6	140,445	94.4				
	1976	126,587	4,484	3.5	122,103	96.5	3,796	45.8	22,138	14.9
Milwaukee	1968	130,445	95,161	73.0	35,284	27.0				
	1976	109,565	61,738	56.3	47,827	43.7	33,423	35.1	20,880	16.0
Memphis	1968	125,813	58,271	46.3	67,542	53.7				
	1976	117,496	33,848	28.8	83,648	71.2	24,423	41.9	8,317	6.6
Jacksonville	1968	122,637	87,999	71.8	34,638	28.2				
	1976	110,707	73,730	66.6	36,977	33.4	14,269	16.2	11,930	9.7

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St. Louis	1968	115,582	42,174	36.5	73,408	63.5				
	1976	81,492	23,210	28.5	58,282	71.5	18,964	45.0	34,090	29.5
New Orleans	1968	110,783	34,673	31.3	76,110	68.7				
	1976	93,364	17,933	19.2	75,431	80.8	16,740	48.3	17,419	15.7
Columbus, Ohio	1968	110,699	81,655	73.8	29,044	26.2				
	1976	96,372	64,657	67.1	31,715	32.9	16,998	20.8	14,327	12.9
Indianapolis	1968	108,587	72,010	66.3	36,577	33.7				
	1976	82,002	45,187	55.1	36,815	44.9	26,823	37.2	26,585	24.5
Atlanta	1968	111,227	42,506	38.2	68,721	61.8				
	1976	82,480	9,231	11.2	73,199	88.8	33,275	78.3	28,747	25.8
San Diego	1968	128,414	98,163	76.1	30,751	23.9				
	1976	121,423	80,153	66.0	41,270	34.0	18,010	18.3	7,491	5.8
Denver	1968	96,577	63,398	65.6	33,179	34.4				
	1976	75,237	36,539	48.6	38,698	51.4	26,859	42.4	21,340	22.1
Boston	1968	94,174	64,500	68.5	29,674	31.5				
	1976	76,889	34,561	45.0	42,328	55.0	29,939	46.4	17,285	18.4
San Francisco	1968	94,154	38,824	41.2	55,330	58.8				
	1976	65,255	14,958	22.9	50,297	77.1	23,866	61.5	28,899	30.7
Seattle	1968	94,025	77,293	82.2	16,732	17.8				
	1976	61,819	41,623	67.3	20,196	32.7	35,670	46.1	32,206	34.3
Nashville	1968	93,720	71,039	75.8	22,681	24.2				
	1976	77,998	54,522	69.9	23,476	30.1	16,517	23.3	15,722	16.8
Cincinnati	1968	86,807	49,231	56.7	37,576	43.3				
	1976	65,635	30,697	46.8	34,938	53.2	18,534	37.6	21,172	24.4
San Antonio	1968	79,353	21,310	26.9	58,043	73.1				
	1976	65,712	9,962	15.1	55,750	84.9	11,348	53.3	13,641	17.2
Pittsburgh	1968	76,628	46,005	60.3	30,263	39.7				
	1976	59,022	31,954	54.1	27,068	45.9	14,051	30.5	17,606	23.0
Kansas City	1968	74,202	39,510	53.2	34,692	46.8				
	1976	51,047	17,560	34.4	33,487	65.6	21,950	44.4	23,155	31.2

[1] Source: Prepared by the author for a conference sponsored by the National Institute of Education and the Hudson Institute (September 15-16, 1977).

[2] Two big cities—Phoenix and San Jose—are not included because both have numerous districts not coextensive with the city's boundaries. Both are predominantly white.

[3] Includes blacks, Hispanics, Asians, and American Indians.

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white withdrawal from city schools, but it is very likely a contributing factor—and, at least in Boston, an important contributing factor. Just as it is impossible to determine whether it is the direct cause, it is equally impossible to prove that it has no bearing at all on family decisions to remove children from urban schools.

BEHIND the controversy over Coleman's findings is a struggle over the future direction of policy. Coleman is urging a cautious and deliberate approach that takes into account the possibility of "white flight" and resegregation. His views, furthermore, support the idea that court remedies should be specific, rather than broad and system-wide.

Coleman's critics are committed to racial balancing of pupil populations as the best, most demonstrable assurance of full integration. The integration forces may not have won every court battle, but they have succeeded in popularizing the notion that every black school, regardless of the reason for its racial concentration, is a segregated school, the result of official discrimination rather than affinity or choice. In the aftermath of the Supreme Court's 1974 Detroit decision, which limited urban-suburban busing, integration advocates, in many instances, have had to confine their demands for busing to individual school districts. In our largest cities, this is not a solution likely to satisfy anyone for very long: "Success" in most big cities will mean a school system in which every school is predominantly non-white, and from which white pupils continue to leave every year. Unless "white flight" is stopped or reversed, racial balancing within cities will very likely produce the phenomenon of resegregation between city and suburb that Coleman has warned about.

The inadequacy of racial balancing within big-city school districts is likely to generate new pressures for metropolitan-area school integration. This is a proposal long favored by the United States Civil Rights Commission and civil rights groups, and it is already in effect in several smaller cities and counties. How such a proposal might be implemented in a city school district with a quarter-million, a half-million, or a million pupils is uncertain, as are the educational implications. What is predictable, however, is the political reaction: To date, no metropolitan region has voluntarily adopted a full city-suburban merger for school integration, and opposition can be anticipated from suburban districts (whose residents include many who fled the city schools), state legislatures (where urban interests are a minority), and Congress (which regularly passes ineffective busing curbs). Nothing less than a reversal of the Supreme Court's 1974 Detroit decision could produce the enforcement mechanism to impose metropolitan-area integration on a large scale. For now, at least, that is not in the offing.

But if racial balancing is of limited practicality because of the diminishing number of white pupils in most big cities, and if metropolitan cross-busing is of limited applicability because of the Su-

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preme Court's 1974 ruling, what then? Few urban districts have had the capacity to look or plan beyond the latest political or fiscal crisis, but clearly some fresh synthesis is needed to restore a sense of direction to urban education. Atlanta is one city that offers hope of a new approach. Its schools are 90-percent black, and its professional leadership is predominantly black. At the instigation of the local NAACP (which defied the national NAACP), a deal was struck in court to forego busing in exchange for jobs and black control of the system. Now the system is intent on demonstrating that the schools can be made to work.

The Atlanta schools are stressing the kind of curriculum and values that will enable black children (and white children) to succeed in the mainstream of American life; this means an early emphasis on basic skills, taught in an orderly atmosphere in which achievement and hard work are rewarded. Atlanta has decided to build a new high school, and remarkably, it will be a selective, admission-by-academic-examination school, possibly the first new such school anywhere in the country for many years.

Meanwhile, the American Civil Liberties Union is pressing a court suit to compel the merger of the Atlanta school district and the surrounding white suburban districts, in order to make blacks a minority within a predominantly white metropolitan district; not surprisingly, the Atlanta district has shown no interest in surrendering its independence. The theory of Atlanta's educational leaders is that equal educational opportunity can be achieved through quality education. If they are right, and if they can create the kind of productive, effective schools that all parents want, their system could become a showplace for urban American schools and a magnet pulling back the children of those who fled the city during the past two decades. Andrew Young, while he was Atlanta's Congressman, predicted in a newspaper interview in 1975 that Atlanta's schools would ultimately prove to be better than the suburban schools, both because of their clear and purposeful educational approach and because of the city's considerable cultural resources, which no suburban shopping mall can match. Imagine that: "white flight" *to* the city, resulting not from coercion or condescension, but from an earnest search for good public schools.

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CURRENT READING

American Youth: Unhappy Days?

In the January 1978 issue of *Phi Delta Kappan,* Edward A. Wynne, of the University of Illinois at Chicago Circle, discussed the predicament of adolescent Americans. "There is a great deal of scientific data," Wynne reports, "that . . . reveal a number of long-range trends toward increasing disorder, anger, and despair among American adolescents." Wynne cites as an example startling increases in suicide rates among this age group:

> Between 1950 and 1975 the annual suicide rate of white youths between the ages of 15 and 19 increased 171 percent, from 2.8 deaths for each 100,000 to 7.6. No other age group had so high a rate of increase. During these same years the overall white suicide rate increased by only 18 percent. . . . The increase in adolescent suicides was relatively steady and incremental. The gradualness of the increase suggests that it was not directly related to the major political and social upheavals of the period. For instance, the rate of climb during the allegedly quiescent late 1950's was about the same as the rate of climb during the turbulent late 1960's. . . .
>
> The absolute number of youths involved in the increase is, fortunately, comparatively small. We have perhaps 3,000 to 4,000 reported suicides a year among whites aged 15 to 19. This is a minute fraction of our youth population. But the "problem" has immense symbolic and indicative significance. For each identified adolescent suicide we undoubtedly have other suicides not identified as such, attempted suicides that are not tabulated, and youths who suffer from serious anxiety or depression but do not attempt suicide. Hence the 171 percent increase represents a concurrent 171 percent increase in general depression among our young people. This increase has occurred at a time when naive observers would infer that American youth, especially those from white families, "never had it so good."
>
> There have also been increases in the rate of death by homicide among white males aged 15 to 19. In 1959 the rate was 2.3 such deaths per 100,000 members of the group. That rate steadily increased, so that by 1969 it was 4.9; by 1975 it was 9.6. This represents a greater than 300-percent increase over 26 years. During the same period no other age group had a comparable increase in its homicide rate. The highest previous homicide rate for white males aged 15 to 19 during the 20th century was 5.2 in 1919. (Incidentally, the rate for

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black males in the same age group started from a much higher base, and it also has been rising; but between 1969 and 1975 the black rate began to decline. In 1975 it was 47.8. In general, the black suicide rate is lower than the white rate.)

Perhaps most interesting of all are Wynne's findings on youth attitudes, derived from a survey of freshman classes at Haverford College, conducted over a 20-year period:

*Changes in Freshman Attitudes, Haverford College, 1948–1968**

Item	Percentage in Agreement with Item							
	1948-49	1952	1956	1960	1961	1965	1967	1968
When I was a child I didn't care to be a member of a crowd or gang	33%	35%	35%	38%	49%	58%	19%	47%
I could be happy living all alone in a cabin in the woods or mountains	23	28	34	38	33	35	42	45
I am a good mixer	77	49	48	63	60	58	38	43
I like to go to parties and other affairs where there is lots of loud fun	65	56	55	53	44	40	38	40
At parties I am more likely to sit by myself than to join in with the crowd	23	35	40	27	44	38	47	50
My worries seem to disappear when I get into a crowd of lively friends	71	69	73	68	58	65	56	55
If I were in trouble with several friends who were equally to blame, I would rather take the whole blame than to give them away	63	56	50	57	47	43	33	45
When a man is with a woman he is usually thinking about things related to her sex	29	37	15	27	35	28	36	43
I enjoy reading love stories	55	49	35	25	44	30	18	25
I like dramatics	80	74	73	75	60	73	67	65
I would like to be a singer	51	47	37	36	33	38	31	23

* Source: Haverford College, sample MMPI items for freshman classes, 1948-1968.

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Not surprisingly, changes in youth conduct have been accompanied by changes in adolescent attitudes. Some trend data are available. Between 1948 and 1968 successive freshman classes at Haverford College in Philadelphia took the Minnesota Multiphasic Inventory (MMPI), a short-answer test that measures attitudes. [The table above] reports a sample of statistics derived from the student answers. The numbers listed for each item represent the proportion of students who answered "yes." Clearly, these data are not up to date, but they do help us to understand shifts in youth attitudes over a considerable part of the last quarter century and constitute the most complete longitudinal study available. . . . Finally, if we are concerned with interpreting the deeper meaning of the campus unrest of the Vietnam war period, the Haverford students represent a classic group of student militants—articulate, upper-middle-class, status-conscious. It is easy to recognize an overall attitudinal trend in their shifting answers. Essentially, the successive classes of students became less sympathetic to cooperative and group activities; more and more, they evinced attitudes consonant with withdrawal from contact or cooperation with others.

This increase in withdrawn attitudes among students was coupled with an apparent simultaneous increase in their self-centeredness. Between 1948 and 1968 the proportion of Haverford students who thought they could work great benefit to the world if given a chance rose from 40 percent to 66 percent while the proportion of these 17-year-olds who thought they knew more than experts rose from 20 percent to 38 percent.

Death Education

On January 17, 1978, the *Chicago Tribune* reported on an educational innovation not likely to soothe America's high school students:

Until very recently, children received no classroom instruction about death. Now death is the latest "hot topic" in many schools. Scores of U.S. high schools are scheduling seminars and even semester courses on the subject, with such names as "Death Education," "Death and Old Age," and "Philosophy of Death."

Students in the 18-week "Death and Dying" course at Amherst, Mass., Regional High School are told, "We will have some speakers from the community whose work in some way involves death—a doctor, funeral director, lawyer, clergyman—so as to help answer technical or philosophical questions. Also, we plan to visit a cemetery and a funeral home to further enhance your understanding of social values and practices."

"Death has made its debut in education," says Richard O. Ulin, professor of education at the University of Massachusetts in a report for the National Education Association. . . .

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